

PROCEEDINGS

OF THE

THIRTY - EIGHTH ANNUAL MEETING

OF THE

Fire Underwriters' Association
Of The Pacific

San Francisco, Cal., February 3rd and 4th, 1914

Printed by Order of the Association

1914

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FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC

OFFICERS FOR 1913

President,	T. H. Williams
Vice-President,	R. C. Medcraft
Secretary and Treasurer,	Calvert Meade
Assistant Secretary and Librarian,	J. P. Moore

EXECUTIVE COMMITTEE

F. J. Alex Mayer	T. H. Williams
W. H. Gibbons	William Sexton
J. L. Fuller	
R. C. Medcraft and Calvert Meade,	ex-officio members

LIBRARY COMMITTEE

Herbert Folger	Clarence E. Allan	Frank B. Kellam
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INSURANCE SOCIETY

Russell W. Osborn	Arthur M. Brown	A. W. Thornton
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DINNER COMMITTEE

H. P. Blanchard	Willard O. Wayman
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CALIFORNIA KNAPSACK

A. C. Thornton,	Associate Editor
G. A. R. Heuer,	Associate Editor

PAPERS READ AT THE THIRTY-EIGHTH ANNUAL MEETING

of the

Fire Underwriters' Association of the Pacific

Tuesday and Wednesday, February 3rd and 4th, 1914

Morning Session, Tuesday, February 3

1. "The Kinne Rule,"
By Wm. Sexton, General Adjuster, Fireman's Fund Ins. Co.
2. "Washington Laws,"
By W. W. Hindman, Attorney, Los Angeles, Cal.

Afternoon Session, Tuesday, February 3

3. "The Great American Waste,"
By F. G. Ainley, Special Agent, American Ins. Co.
4. "Spontaneous Combustion,"
By Prof. E. O'Neill, University of California.
5. "Theory of Lines,"
By W. H. Gibbons, Supt. Agencies, Edward Brown & Sons.

6. "Motor Boat Adjustments Where Fire and Marine Policies Contribute,"

By J. Hunter Harrison, Manager Marine Department, Ins. Co. of North America.

7. "Rate Wars and the Remedy,"

By F. C. H. Robins, Mgr. Metropolitan Dist., Northern Assur. Co.

Morning Session, Wednesday, February 4

8. "Construction, Inspection and Certificates,"

By Chas. F. Wieland, Consulting Engineer, San Francisco.

9. "Garnishment,"

By H. A. Thornton, B. L., L. L. B., San Francisco.

10. "The British Columbia Statutory Policy and Adjustments Thereunder,"

By Geo. C. Main, Adjuster, Seattle, Wash.

11. "Market Value Losses,"

By Calvert Meade, Adjuster, San Francisco.

12. "Automobile Insurance,"

By Wm. M. Klinger, Manager Auto Dep't, Fireman's Fund Ins. Co.

Afternoon Session, Wednesday, February 4

13. "The Manager, Local Agent, Special Agent,"

(a) From the View Point of the Local Agent, By A. Freshone.

(b) From the View Point of the Special Agent, By Geo. C. Coddington,
Special Agent, Springfield Ins. Co.

(c) From the View Point of the Manager, By Arthur Brown,
Manager, Svea Ins. Co.



THOMAS H. WILLIAMS
PRESIDENT

Thirty - Eighth Annual Meeting

Of The

Fire Underwriters' Association of the Pacific

At the Merchants Exchange Building, San Francisco,
Tuesday, February 3, 4, 1914.

FIRST SESSION

Ten o'clock a. m. Tuesday, February 3, 1914.

The following members and guests were present :

Agnew, F J	Brown, Kenneth	Cope, Harry L
Ainley, F G	Burger, C H	Cosgrove, J E
Allan, Clarence E	Burke, C F	Cote, Joseph H
Alverson, W W	Burke, H R	Crandall, J E
Anderson, C H	Buswell, H C R	Crux, Geo A
Archer, Richard T	Caine, E P	Curran, Garner
Austin, M	Callahan, M G	Dearborn, G W
Avery, F M	Carey, J A	Dennis, J J
Bacon, Edw H	Carroll, J Percy	Dennis, W S
Bailey, A T	Cartwright, A J	Devine, G E
Baldwin, O D	Chapman, A J	Dibble, L L
Bangs, Franklin	Chapius, F A	Dollard, R E
Banks, J H	Christensen, Chas	Done, Willard
Barsotti, Chas L	Clayton Jr, N W	Dornin, Geo W
Bates, H L A	Cleaves Jr, Frank	Dornin, John C
Benner, Harry	Cleveland, W W	Doyle, J J
Blanchard, H P	Cobb, Clarence	Driffield, A Carus
Boyd, R T	Codding, Geo C	Dunn, H S
Branch, F M	Coffey, W P	Dutton, Grayson
Breeding, W H	Colvin, Chas A	Dutton, W J
Brodenstein, E M	Conklin, L A	Easton, T C
Brown, A M	Conley, Clifford	Eldred, E P
Brown, H H	Coogan Jr, Albert	Emerick, Frank L

English, Munro	Hendry, J E	Mann Jr, H R
Evans, Matt B	Henry, C A	Manning, F J H
Farr, F H	Henley Jr, Barclay	Marsh, R T
Faust, M E	Heuer, G A R	Meade, Calvert
Faymonville, Bernard	Heuer, Geo F	Medcraft, R C
Flack, E B	Hewitt, E F	Mendell, J M
Fogarty, John T	Hildreth, H P	Mesick, S P
Folger, Herbert	Hindman, W W	Miller, W L W
Folger, R S	Hoadley, Geo O	Morin, W J
Follansbee, A W	Hodgkinson, Arnold	Mueh, Walter
Frazier, Walter A	Hogan, Howard W	Murphy, Joseph A
French, C D	Holland, Earl L	Morison, H A
French, J S	Hosmer, F W	Mott, E J
Frith, T T	Humphries, T V	Nauman, H A
Fritsch, John B	Hunter, Frank L	Naunton, R H
Fuller, J L	Hunter, R D	Niebling, E T
Gabrielson, Carl D	Hathaway, L W	Nourse, B E
Gallegos, R	Irving, W	O'Brien, J T
Gardiner, T M	Jackson, A H	O'Grady, T F
Gay, J Robb	Jacoby, Franz	O'Niel, Professor E
Gibbons, W H	Johnsen, J E	Olds, A C
Giesy, A W	Keene, Walter F	Osborn, R W
Gilliland, Adam	Kellam, F B	Page, C R
Gilmore, G O	Kelley, McClure	Parker, Douglas
Gilmore, W W	Kellner, B J	Parmentire, C F
Goggin, G E	Kenna, J R	Parrish, Edwin
Goodell, G L	Kinney, C C	Parry, David H
Gordon, H F	Klinger, Wm M	Penfield, B L
Granger, H T	Knowles, E C F	Penfield, F S
Gray, Geo T	Lanagan, Frank R	Perry, F J
Greenwalt, C L	Lawson, W A	Perry, P J
Hackett, H R	Livingston, E S	Pierce, E R
Hackett, W H	Lord, O W	Porep, W P
Hagin, Jas P	Lovelace, M	Quick, James R
Hale, L M	McCune, Jas N	Quitow, V H
Hammond, J J	McKenzie, Lee	Randall, H W
Harrison, J Hunter	McNail, Victor L	Reynolds, R H
Hatcher, J B	Magee, J F	Richmond, Geo T
Heath, T S	Main, Geo C	Roberts, G S
Henderson, C Wm	Mann, H R	Robins, F C H

Rogers, L B	Stone, C W	Wallace, W L
Rohrer, C W	Stone, F E	Ward, G Harold
Root, T J	Stoy, Sam B	Warner, J W
Roth, G J	Taffinder, W G	Watt, Rolla V
Rowe, E A	Tebben, Fred	Webber, A
St. John, Paul	Thornton, A C	Webber, J F R
Sabin, H W	Thornton, A W	Weil, Leo
Schlosser, Theo	Thornton, H A	Weinmann, Louis
Schmidt, H M	Thompson, C R	Weinmann, P R
Schoeneman, F J	Thompson, W G	Wendler, C A
Scott, H H	Thomson, M H	Westlake, W B
Sexton, William	Ticknor, H B	Whelan, W D
Simmen, Sam	Ticknor, W H	Williams, T H
Simpson, H L	Tiedemann, T J A	Wieland, Chas F
Smith, Geo O	Townsend, Geo E	Wright, A C
Smith, H Harry	Trowbridge, C C	Wright, C C
Smith, R E	Truitt, Carl A	Yates, J P
Spaulding, M E	Tyson, Geo. H	Yocum, Geo A
Staniford, F C	Urmston, J K	Young, F H
Stewart, D L	Van Valkenberg, Chas	Young, W D
Stewart, Niel	Walden, J B	Zwick, W F
Stone, C R		

The Thirty-eighth annual meeting of the Fire Underwriters' Association of the Pacific was called to order at 10 o'clock a. m. by T. H. Williams, the President of the Association.

The President, T. H. Williams—The Thirty-eighth annual meeting of the Fire Underwriters' Association of the Pacific is now in session and ready for business. The first order of business is the reading of the minutes.

The Secretary, Calvert Meade—I move that the reading of the minutes be dispensed with, Mr. President.

Mr. Gibbons—I second the motion.

The President—It is moved and seconded that the reading of the minutes be dispensed with. Are you ready for the question?

The motion carried unanimously.

The President—The next order of business is the report of the Secretary and Treasurer, Mr. Meade.

REPORT OF SECRETARY-TREASURER.

FINANCIAL STATEMENT.

RECEIPTS.

Balance in Bank of California, January 1, 1913.	\$	716 69
Received for Annual Dues	\$1,884 00	
“ “ Initiations	225 00	
“ “ Insurance Literature	170 45	
“ “ Dividends 1 Share Fireman's Fund Ins.		
Co. stock	16 00	2,295 45
		\$3,012 14

DISBURSEMENTS.

Paid rent of chairs, annual meeting	\$	7 20
“ stenographic report “ “	50 00	
“ Floral pieces and memorials	57 50	
“ Books, subscriptions and dues	47 32	
“ Deficit annual banquet	122 93	
“ Publishing annual proceedings	578 00	
“ Insurance Institute of America, dues	29 16	
“ 500 By-Laws	35 00	
“ Printing, binding and supplies	285 87	
“ Postage, delivery and expressage	75 35	
“ Expense of annual meeting and moving office	13 50	
“ Librarian and Assistant Secretary's salary	870 00	
“ Secretary's salary	100 00	\$ 2,271 83
Balance in Bank of California, January 1, 1914.	\$	740 31

MEMBERSHIP.

Active members January 15, 1913		328
Elected during the year { Active	28	
Associate	30	58
		386
Deceased	4	
Resigned	6	
Transferred to Honorary Membership	2	
Dropped for non payment of dues	2	14
		372

SECRETARY-TREASURER'S REPORT

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Total Active Members February 4, 1914	356
Total Associate Members February 4, 1914	30
Total Honorary Members February 4, 1914	44
Total Membership February 4, 1914	430
Total Receipts	\$2,295 45
Total Disbursements	2,271 83
Receipts over Disbursements during 1913	\$ 23 62

Audited and found correct,

T. H. WILLIAMS.

R. C. MEDCRAFT.

ON HAND JANUARY, 1914.

Proceedings unbound.	Number of Copies.
1906	180
1907	152
1908	132
1909	66
1910	61
1911	151
1912	130
1913	203
Total	1,075

	Number of Copies.
Measure of Manufacture Damage	335
Water Supply of Cities	139
Buildings of Reinforced Concrete	175
Adjustments old and new	260
Permits and Clauses	286
Insurable Interest	655
Proper Vice	675
F. U. A. P. Constitution	500

The President — You have heard read the report of the Secretary and Treasurer, gentlemen. What is your pleasure?

Mr. Herbert Folger—I move that it be received and placed on file and adopted.

Mr. A. W. Thornton—I second the motion.

The President—You have heard the motion, gentlemen, that the report of the Secretary and Treasurer as read be received, placed on file and adopted. What is your pleasure?

The motion carried unanimously.

The President—Have you any report to make, Mr. Secretary, regarding proposals for membership in the Association?

The Secretary—I have a list of proposed active and associate members, Mr. President. They are as follows:

ACTIVE MEMBERS.

H. M. Farrar,	Independent Adjuster,	310 California Street
John E. Hendry,	“ “	237 Sansome Street
H. M. Schmidt,	Resident Manager,	Capital Fire Ins. Co., 237 Sansome Street
C. C. Trowbridge,	Special Agent,	Niagara Fire Ins. Co., 334 Pine Street
D. W. Clark,	Manager,	Northwestern National Ins. Co., 343 Sansome Street
R. L. Harris,	Assistant Manager,	Northwestern National Ins. Co., 343 Sansome St.
W. J. Morin,	Special Agent,	Phoenix Assurance Co., 343 Sansome Street
W. H. Ticknor,	“ “ “	343 Sansome Street
B. J. Kellner,	“ “ “	343 Sansome Street
Victor L. McNail,	“ “ “	343 Sansome Street
Carl A. Truitt,	“	Christensen & Goodwin Agcy., 241 Sansome St.
Harold R. Hackett,	“ “ “	241 Sansome St.
F. A. Stahl,	“	Law Union & Rock Ins. Co., 433 California St.
R. H. Naunton,	“	Northern Assurance Co., 333 California Street
W. H. Gaither,	“	Yorkshire Ins. Co., 433 California Street
Logan B. Chandler,	“	L. & L. & G. Ins. Co., 444 California Street
J. B. Levison,	Vice President,	Fireman's Fund Ins. Co., 401 California Street
Fred S. Penfield,	General Agent,	Germania Fire Ins. Co., 322 California Street
Percy W. Long,	Special Agent,	American Ins. Co., 219 Sansome Street
George A. Yocum,	“	Phoenix Assurance Co., 343 Sansome Street
G. J. Roth,	“	London Assurance Co., 160 Sansome Street
H. L. Simpson,	Superintendent of Agencies,	New Hampshire, 401 Sansome Street
Watt B. Evans,	Special Agent,	Royal and Queen Ins. Cos., 201 Sansome Street
James P. Hague,	“	E. Brown & Sons Agency, 202 Sansome Street

George M. Ward, Manager, North British & Mercantile Ins. Co., 234 Pine Street
 G. D. Gilmore, Special Agent, Fireman's Fund Ins. Co., 401 California Street
 Joseph H. Cote, " C. J. Stovel's Agency, 537 Sacramento Street
 Howard W. Hogan, " Fire Association, 315 California Street

ASSOCIATE MEMBERS.

Wm. C. Hackmeier, American Ins. Co., 219 Sansome Street
 H. J. Metcalf, " " 219 Sansome Street
 F. E. Cowan, " " 219 Sansome Street
 L. P. Gilbert, " " 219 Sansome Street
 C. H. Smith, " " 219 Sansome Street
 R. B. Luce, " " 219 Sansome Street
 A. M. Smith, " " 219 Sansome Street
 Ralph P. Thornton, E. Brown & Sons, 202 Sansome Street
 H. G. Doyle, " " 202 Sansome Street
 E. W. Harrison, " " 202 Sansome Street
 W. H. Jardine, " " 202 Sansome Street
 J. C. Beedy, London & Lancashire Fire Ins. Co., 332 Pine Street
 A. G. Dick, " " " 332 Pine Street
 F. D. Marchand, " " " 332 Pine Street
 R. L. Countryman, Norwich Union Fire Ins. Society, 332 Pine Street
 John E. McGrath, Board of Fire Underwriters, 914 Merchants Exchange Building
 Ernest M. DeWitt, " " 914 Merchants Exchange Building
 Meredith Parker, Geo. H. Tyson, 210 Sansome Street
 J. F. Moore, " 210 Sansome Street
 Philip Keating, " 210 Sansome Street
 Augustus Benke, Ins. Co. North America, 343 Sansome Street
 Edgar M. Kennison, Hartford Fire Ins. Co., 430 California Street
 A. McAllister, " " 430 California Street
 William Henderson, Aetna Ins. Co., 301 California Street
 A. R. Muir, " " 301 California Street
 P. Durbrow, " " 301 California Street
 H. F. Bringhurst, " " 301 California Street
 George Chalmers, " " 301 California Street
 H. Hinkle, " " 301 California Street
 F. E. Joachimson, " " 301 California Street

The President—Gentlemen, you have heard read the names of those who have been proposed for membership in the Association, both active and associate. What will you do in that con-

nection—shall we vote upon the names separately or shall the Secretary cast the ballot?

Mr. Gibbons—I move that the Secretary cast the ballot of the Association in favor of the parties whose names have just been read.

Mr. Folger—I second that motion.

The President — Gentlemen, you have heard the motion, which is that those whose names have been read be now elected to membership in the Association, active and associate, as indicated. What is your pleasure ?

The motion unanimously carried.

The President—It is unanimous, and will the Secretary cast the ballot?

The Secretary—The ballot is cast, Mr. President, in favor of the gentlemen named.

The President—And I declare them duly elected members of the Association. Have you anything further at this point, Mr. Secretary ?

The Secretary—No, Mr. President.

The President—Next in order of business is the report of the Librarian, Mr. J. P. Moore.

LIBRARIAN'S REPORT.

J. P. MOORE.

In the Constitution of this Association there is no provision calling for a report of the Librarian. Since you have a Library and a Librarian, it is presumed that you wish to know what the one is, and what the other does.

In the first place the library has grown from the one book which was left after the conflagration of 1906, until, at the present time it contains 5,385 volumes of bound and unbound books and pamphlets. These are contained in eight large cases and are arranged and classified and catalogued by subject and author. So much for what the Library is.

What the Librarian does is to see to it that the arranging and cataloging goes on, that each book, paper, or pamphlet, is carefully read and all such matter as pertains to fire insurance is properly entered in the card index. This, in some instances, calls for almost an index of the volume. In the case of the insurance papers and journals it calls for much reading and necessitates the making of scrap books to save such articles as are not elsewhere published.

Thanks to the Fireman's Fund Insurance Company, to Mr. George D. Dornin, The New Zealand Insurance Company, and the Coast Review, we are supplied with nearly all the insurance papers of the United States and Australia. Files of many of these are kept and bound, and in some cases catalogued.

During the past year we have bound 113 volumes of books, papers and pamphlets.

Our work has been carried on with some difficulty, owing to the fact that our library room is the rendezvous for loss meetings, committee meetings, and other organizations.

The library is growing and requires a room devoted solely to its use. Additional shelf room is already required, and will be still more needed, but we have not the space.

It has been very kind on the part of the Board of Fire Underwriters to grant us the free use of the room. The fact remains, however, that we have outgrown the place, and must have room to expand, if the library is to be up to date, and one which will meet all your requirements.

During the earlier months of the year the students from the Insurance Society of San Francisco were taking the examinations for the second year's work of the Insurance Institute of America.

We supplied them with such works as were called for in their studies. We also purchased such books as might be of use for the third and last year of the course. At the present time I know of but one who will take the third year's course.

It seems to me that it is the duty (and it certainly should be the pleasure) of the managers of the various companies composing this Association, to urge upon their clerks the importance of the work of this Insurance Institute of America.

In Boston, the managers came forward and offered to pay the expense (amounting to \$5) of any clerk who would take up the course of study of the Institute. The result was that 125 have entered the course.

If you expect to have good service, and intelligent clerks in your various offices, you must see to it that they are properly fitted.

Unless this matter is taken hold of in earnest by this Association, I can see no hope of its being successfully carried out.

Your Library was organized primarily as a fire insurance library. Since that date such changes and expansions have gone on in insurance that many of your companies have now, besides the simple fire insurance policy, other forms, such as those of accident, automobile, plate glass, burglary, parcel post and travelers' baggage insurance.

I have catalogued, in general, only those subjects touching the old fashioned fire insurance policy, if I may so call it. Now, I am being called upon for articles, papers and decisions on these other subjects. If your Library is to be a *live* thing, it will have to take into account these "side issues." The work should be started for arranging, classifying and cataloguing these subjects.

The law department is the one most frequently used in our library. Hardly a day passes in which we are not called upon for some legal decisions.

Among our other law works we have a complete set of the Insurance Law Journal of forty-one volumes.

Unfortunately no digest, other than that of the cases, has ever been made of the volumes from No. 22 to 41 inclusive. I have written to the publishers regarding this, but they reply that they do not think of making such a digest.

Before the conflagration, we had nearly finished the needed digest, but with all our other possessions it was swept away.

I most earnestly recommend that a Topical Index for Volumes 22 to 41 be prepared. This would put in your hands the work that now lies almost hopelessly buried.

With the growth of the Library the correspondence has very largely increased. The pamphlets, which you have published, are being more widely called for and copied. In many instances no credit is given your Association when your articles are bodily taken, or, I might say, stolen.

To avoid this a copyright might be placed on your Proceedings. You will soon be visited by hundreds of insurance men who will come to the International Congress of Insurance. You must make ready the Library for these men, and show them that you have literary as well as executive ability.

You should present to each of the foreign visitors a bound copy of your Proceedings for the year of the Exposition.

The President—You have heard the excellent report of our Librarian. What is your pleasure, gentlemen?

Mr. Folger—I move that it be accepted and filed.

Mr. Thornton—I second the motion.

The President—Gentlemen, you have heard the motion, that the report of the Librarian, just read, be accepted and filed. What is your pleasure?

The motion carried unanimously.

The President—The motion prevails and it is so ordered. The next order of business is the report of the Executive Committee

EXECUTIVE COMMITTEE REPORT.

Our worthy President has devoted so much time and given so much attention to the needs of the Association during the past year, that the Executive Committee's duties were perfunctory.

Through Mr. W. L. Hathaway, Commissioner of Insurance for the World's Congress, who met with your Executive Committee, Col. C. Mason Kinne was appointed a member of the National Council, as the representative of this Association. Upon the death of Col. Kinne, Mr. Thomas H. Williams was appointed.

The Auditing Committee examined the books and accounts of the Secretary and found them correct. There was \$740.31 in the Bank of Californir, and the receipts were \$23.62 over disbursements.

Your Executive Committee recommends a change in the by-laws, in that the Library Committee of three be elective under a rotary basis, as outlined in President Williams' address, and that our Annual Proceedings be copyrighted each year.

While your Committee is pleased to have all articles disseminated, yet we believe our work should be given credit and this copyright is for that purpose.

We thoroughly concur in the advocacy of our President of more privacy, in that our Librarian keep up with the work of the library, and

especially as a number of associate members have now joined our Association, who are desirous of quiet reading and study.

Respectfully submitted,

WILLIAM SEXTON, Chairman,
THOMAS H. WILLIAMS,
W. H. GIBBONS,
J. L. FULLER.

Mr. Folger—Mr. President, I move that the report of the Executive Committee be adopted by the Association, and that the amendment proposed be, in formal shape, presented to the Association for consideration under the head of new business.

Mr. Thornton—I second that motion, Mr. President.

The President — You have heard the motion, gentlemen, which is that the report of the Executive Committee be adopted and that there be proposed in formal shape the amendment recommended in the report, the same to be considered under the head of new business. What is your pleasure?

The motion carried unanimously.

The President—The motion prevails and it is so ordered. The report of the Library Committee is next in order.

REPORT OF THE LIBRARY COMMITTEE.

Your committee considers it unnecessary to report at length, for the reason that the work of the library has been ably handled during the past year by the Librarian, Mr. J. P. Moore, whose report will be presented in detail.

In recent years, this Association has been giving no direct attention to educational work on fire insurance lines, for the reason that the juniors in the business organized the Fire Insurance Society of San Francisco, and very naturally desired full freedom in handling the course for themselves in conjunction with the Insurance Institute of America. It is much to be regretted that the movement, which promised well, and which had the adherence of several hundred of the young men in our offices in the begin-

ning, has now been definitely abandoned. We must conclude that, like our own Association, which has attempted more than once to introduce social features and other activities, the Society made the mistake of undertaking too much. Be that as it may, we are now in a position to urge upon the attention of the young men in our business, the propriety of taking associate memberships in the Fire Underwriters' Association of the Pacific, which our constitution provides for. In proposing this, we must become responsible for definite educational work, similar to that undertaken by the insurance institutes in the Eastern cities; and our library must be augmented so as to include the latest and best material for the use of the associate members. We favor the suggestion to be presented to you, that the method of selecting the Library Committee be altered; and we trust that our successors will meet the added responsibilities with which we are faced.

We have contributed to, and kept up a correspondence with the Insurance Institute of America; and the Institute has paid us the compliment of appointing one of our members as its representative on the National Council of the Insurance Congress, to be held during the Panama-Pacific Exposition.

Recently, we have been called upon by the College of Commerce of the University of California to furnish speakers for a Fire Insurance Course during the current semester. With insufficient time for preparation, the following series of lectures has been arranged, with the view of assuring the Faculty of the University, that we are always ready to give such assistance, when desired:

- February 17—Introductory: Fire Insurance—Its Relation to the Community, etc.—Herbert Folger.
- February 24—The Fire Insurance Office: Its Organization, Method of Securing Business, etc.—F. B. Kellam.
- March 3—The Fire Waste and Fire Prevention.—C. C. Kinney.
- March 10—The Fire Insurance Contract: Including the California Standard Form.—R. W. Osborn.
- March 17—Fire Insurance Rating: The Tariffs for Unrated Risks.—W. S. DuVal.
- March 24—Fire Insurance Rating: Mercantile and Manufacturing Schedules.—Arthur M. Brown
- March 31—Inspection and Fire Protection.—Geo. M. Robertson.
- April 7—The Adjustment of Fire Losses.—A. W. Thornton.

Your committee congratulates the Association upon the decided success which has attended the efforts of the Librarian to restore our library to something like the position which it held prior to the San Francisco conflagration of 1906.

Respectfully submitted,

HERBERT FOLGER,

F. B. KELLAM,

C. E. ALLAN,

Committee.

Mr. Folger—Mr. President, as there is no place in the proceedings expressly provided for the matter I desire now to call to the attention of the Association, I ask at this time the privilege of nominating for honorary membership in this Association, one who has been an active member for over thirty-five years, Mr. W. J. Dutton of the Fireman's Fund Insurance Company. While not as closely identified with the fire, as with the marine department of insurance, Mr. Dutton has ever been deeply interested in all problems affecting our business, was for many years Vice President of the Board of Fire Underwriters of the Pacific and a constant attendant at the meetings of its Executive Committee; and he has ever been ready to give ear to appeals for help in such work as this Association has been doing. It is not too much to say that, more than any other one man, he has served the associated companies ably and well in connection with the questions arising under the statutory requirements of the Pacific Coast States, and as the director of such efforts as have been proper to inform the Legislatures upon the true merit or defects in bills presented to them for consideration. But for his unselfish devotion as Chairman of the Legislative Committee during a long series of years, many burdensome enactments could not have been avoided, and the interests of insurers and insured would have suffered. As the single insurance representative on the Committee of seven who were appointed by the Governor of California to prepare the Cali-

fornia Standard Form of Fire Insurance Policy, Mr. Dutton discharged his duties equitably, giving consideration alike to the interests of insurers and insured. As the result we have a contract which is probably the best of its kind in present use. In making the nomination, I express the wish and hope of my associates that Mr. Dutton will long continue among us and give us the help of his presence and counsel at our annual gatherings.

(Applause.)

The President—You have heard the motion of Mr. Folger, and I am very glad, indeed, to submit it to you. What is your pleasure?

Mr. Gibbons—I second the nomination, Mr. President.

The President—Gentlemen, you have heard the motion, which is the nomination of W. J. Dutton to honorary membership in this Association.

The motion carried unanimously.

The President—I am very glad, indeed, to announce the unanimous election of Mr. Dutton to honorary membership in the Association. The next order of business is the report of Committee on the Paper of W. F. Keene, on "Policy Forms." Is that Committee ready to report? Hearing no response, the matter will be passed temporarily, and I will ask Mr. Blanchard to take the chair.

Mr. H. P. Blanchard thereupon assumed the chair.

PRESIDENT'S ADDRESS



It is with much pleasure that I welcome you to the thirty-eighth annual meeting of the Fire Underwriters' Association of the Pacific, and I hope, with your kind assistance, to make it a successful one.

There are, no doubt, some attending our meeting for the first time, and to them let me say that the primary object of this Association is educational, to exchange ideas, opinions and experiences; but the advantage it affords us of personal intercourse with the leading men of our profession plays a very important part in its value to all members. Here there are no Board nor non-Board rules. Any member, regardless of the company he represents, is accorded the same welcome and privileges, and for this reason our Association has no equal, and it would be impossible to estimate the benefits it has freely given to all members.

I sincerely hope you will join in the discussions of the various papers, and that you will enjoy yourselves fully and be in attendance throughout this entire session.

IN MEMORIAM

It is my sad duty to inform you that we are called upon to record the death of five of our members. The first to pass away during the year was A. G. Sanderson, general agent for the Aetna Insurance Company. He was not with us many years, but his straightforward, friendly personality made a deep and lasting impression upon us all. The second was E. P. Farnsworth, whose friendship we all prized. For the meeting of 1899 he wrote a paper on "Independent Adjusters," and for 1902 "The San Francisco Fire Department." The third was J. McC. Anderson, resident secretary of the North British & Mercantile. The fourth was one of the most devoted friends this Association ever had, Col. C. Mason Kinne. He was president in 1885. For the meeting of 1882 he gave us a paper on "Forms and Policies;" for 1883, a paper on "Microscopic Hazards;" 1889, "Spontaneous Combustion," and 1891, "The Special Agent." He also gave to the world the only rule of apportionment for

non-concurrent policies that will work in every case. The fifth and last to leave us was our staunch and true friend, John W. Gunn, who was the able President of our Association in 1908. For the meeting of 1901 he wrote a paper entitled "Bunch Grass and Sage Brush," and for the meeting of 1906, "The Northwest Special." He was ever ready to assist our association and every member of it.

The grim Reaper has exacted a heavy toll from us during the past year, and we will feel the loss of these members most keenly.

Each year one or more of our daily associates pass to the great beyond and we have only kindly remembrances for them. Each leaves thoughts expressed which will always live in our memories; but does it not occur to you that we could show the good will and respect we have for each other more plainly than we do? If we admire the qualities and thoughts of a man, why not say so while he is with us, and not wait until he has passed from our midst? Kind words and praise are appreciated by every one and they help us over the rugged places and inspire us to accomplish larger and better things. If a greater bond of friendship could be established between associates in the insurance business, harmony of thought and action would certainly be the result.

Following the custom that has prevailed, the reports of the committees will not be read at this meeting, but will be published as a part of our proceedings.

The President, judging from past history, is expected to file a schedule of the work accomplished by the Association during his term of office. I find that all committees have performed their duties faithfully and well and they are entitled to great credit; but when I come to examine my own work, the Kinne and all other rules fail to apportion much to my credit.

You have heard the report of the secretary-treasurer, and as it covers the financial condition of this Association thoroughly there is no need for me to dwell upon it, except to say that there should not be a deficit each year for the banquet. Something should be eliminated so that the amount received will meet the entire expense. Our present Dinner Committee is to be congratulated for the careful way in which they have managed the finances. They have labored under great difficulties and deserve much credit. The report of the Librarian is most interesting and shows what a competent man we have in charge of this important work of our Association.

LIBRARY

The library has been a constant source of benefit and pleasure to our members and to the young men who are trying to gain a better knowledge of the insurance business. We are particularly fortunate in having a Librarian who is a fount of knowledge and who freely gives to all that seek information. He is very properly named, for the more books the library has the more he wants. The library has been of greater benefit than in former years, as it is now open from 10:00 a. m. to 3:00 p. m. We have books upon every subject appertaining to the fire insurance business—historical, technical and law—but we have few, if any, books upon any other subject.

The Librarian, in his report, called particular attention to the necessity of permanent quarters for the exclusive use of the library. At present the library is used for all kinds of meetings during the hours when it should be at the service of our members. During many of these meetings our Librarian is not allowed to remain in the room and this interferes with his duties and the efficiency of the library. If we can not afford to rent a room for our private use, we should at least see that no meetings are held in this room during the hours when the library is open. Quiet is most essential. Many of our books are taken and never returned, and naturally the Librarian has no means of knowing who took them. This is a matter that requires your most serious attention and some action should be taken at this meeting to place the library in a position to give the best possible service.

I would suggest that Article V of the Constitution be changed by adding to the list of officers a Library Committee of three to serve three years. This can be done by appointing one to serve three years, one to serve two years and one to serve one year, and then at each annual meeting thereafter, one may be elected to serve three years. In this way we will always have two on the committee familiar with the requirements of the library and they will therefore be more capable of handling its affairs.

INSURANCE SOCIETY

Our Association has always shown a lively interest in the Insurance Institute of America, and we have aided it financially and otherwise. A branch, the Fire Insurance Society of San Francisco, was organized here. The very brightest and most competent men of our Association offered their services freely to these young men and the first year it

was greatly appreciated and each meeting was well attended. The second year the attendance became less and less at each meeting, and last year they found it necessary to discontinue. Your President endeavored to have them continue for the benefit of the few who really wanted to take advantage of the course of study afforded, to fit themselves for higher positions in our profession. A committee, of which Mr. Russell Osborn was chairman, was appointed to see if the Society could not be instilled with new life. This committee offered to recommend to our Association that we admit the young men to associate membership that they might receive a copy of our proceedings and have the use of the library. This plan failed, however, and the Society is a thing of the past.

ASSOCIATE MEMBERS

At our last annual meeting Article X was added to our Constitution, which permits of any person employed as a clerk in a fire insurance office becoming an associate member of this Association. This entitles the member to the use of the library and a copy of our "Annual Proceedings."

We have all of the books recommended by the Insurance Institute of America for the use of those who care to pursue the course of study prescribed.

There are many of the clerks who want to study, and no better course can be taken than that outlined by the Insurance Institute of America, and your President believes that the general agents and managers should give the clerks every assistance, for it makes them more competent and therefore of more value.

I would suggest that the associate members form a society and that we secure for them the use of this or some other room where lectures may be delivered during the year. By connecting the society with our Association, it can be placed upon a proper and permanent footing. I hope some action will be taken at this meeting to perfect such plans.

A circular letter was sent to each office calling their attention to Article X, and many names for membership have been proposed, and I hope many more will be at this meeting.

CONDITIONS

We all have reason, I think, to be thankful that the year 1913 is at an end. In addition to the Legislature, we had most stringent financial

conditions which always cause a largely increased loss ratio. We have good reason to feel that 1914 will treat us more kindly, for if the Golden State is to be prosperous it should certainly be so this year.

The last few years have made many changes in the insurance business on this Coast, and it looks as if greater changes were to follow. The larger companies are gradually absorbing the smaller ones, and the whole idea seems to be one of concentration. The real cause of it is the abnormal and excessive expense which seems to be necessary to properly conduct our business. New York and other States are taking the question up and it would not be surprising if laws were passed regulating our expense the same as that of liability companies. That we must reduce the expense is a foregone conclusion, and this will have to be done by reducing taxation, commissions to agents and brokers; having all policy forms and blanks emanate from one source, and require agents to purchase their own maps. It will certainly reduce the number of agents and place the insurance business on a higher plane. If we do not take some radical action in this respect it will be taken for us. I am not a pessimist, but the handwriting is on the wall.

SPECIAL AGENTS

The changes in the duties of a special agent are particularly noticeable. In the good old days the special agent made maps, lines, forms, rates, adjusted the losses, and to a great extent directed the underwriting policy of the company. A la carte hotels, Pullman sleepers and diners were unknown. Stage coaches, dead ax wagons, now and then a very slow combined freight and passenger train, and at the end of the journey a very poor hotel, were the best he could expect. We now have rate-making boards and bureaus, inspecting bureaus, adjusting bureaus, and a company to make maps. Where the underwriters and adjusters of the future are to obtain their training is a question, for the special now has but little opportunity to learn these important details of the business. The special agent of the future, if there is any, will either be a superintendent of agencies or a solicitor.

UNIFORM CLAUSES AND PERMITS

I can not too strongly urge upon you the necessity of uniform clauses, permits and policy forms. The benefit to be derived therefrom would be so great that it is almost incalculable. It would decrease non-concurrence of policies; it would be of material assistance to agents,

brokers, and to the companies; it would allow forms to be passed upon by competent persons before distribution; it would necessarily prevent many controversies and law suits which are now necessary to interpret forms, for they would be couched in unambiguous language and the parties at interest would be given the protection they are entitled to. There are some forms in general use that no one—not even the one who made them—can tell what they mean. The endeavor seems to have been to use large words and phrases that could be taken in many ways. The “use and occupancy” form required by the Board is certainly in need of attention. In its present form it does not cover what is intended and its use will undoubtedly result in many law suits. The courts have ruled on our form and in every instance against the companies. The term “use and occupancy” is a misnomer. It is intended to cover net profits which would have been made; but the courts hold it does not cover profits; that it covers the use of the buildings and profits do not enter into it. That a man may combine with another, close his plant, receive his profit from the other party or pool, and if the building was burned the insurance companies would be liable, as the use of the building was destroyed. If we intend to cover profits we should say so. Very little of this class of insurance has been written on this Coast; but there will be a large amount of it written and we should be in a position to write it properly. The “iron safe clause” is used very generally in other departments. It has stood the tests of the courts and has been found of great benefit and it should be used here. The Board could print all forms and one supply could be sent to each agent for all companies, and this would mean an enormous reduction in our expenses. I would therefore recommend that a committee of three be appointed to draft forms and to act with a committee to be appointed by the Board of Fire Underwriters.

PUBLICITY

We had a most striking example last year of the necessity of keeping the public advised concerning proposed insurance legislation. The value of fire insurance to the mercantile and financial interests of the world is being more keenly realized each year. The people are commencing to understand that laws which increase our taxation or make it difficult for us to transact business, must necessarily revert upon them. We should keep up this work of publicity and I strongly urge the appointment of a committee of five to act in conjunction with the Board of Fire Underwriters, that the work commenced last year may be continued.

COMBINED ACTION

If the insurance interests could realize the strength they would have all over the United States by combining their forces, they need not fear adverse legislation anywhere. Nevada and Missouri taught us a lesson which we should not forget, for it proved what combined action can accomplish. The associations all over the country are taking this matter of publicity up and our committee should work in harmony with them so that the same action will be taken everywhere. This is certainly one subject upon which all insurance companies should agree. The increase in taxation by State, county and city is appalling, and a halt must be called or there will be no profit in the insurance business.

EXPOSITION, 1915

We are on the eve of the greatest Exposition the world has ever seen. All eyes are upon the Pacific Coast and upon San Francisco in particular. We have our part to perform in this gigantic undertaking to make it a success. There is to be an insurance congress, and representatives from all over the world will be here. We must do our share of the entertaining. Every insurance man in San Francisco will be in the "limelight," and we should show the world that we are alive in every sense of the word. It will be necessary to raise money to properly carry on this work and arrangements should be made at once to secure it. I would suggest that a committee be appointed for this purpose that we may make our part of the Exposition a success.

WRITING PAPERS

I want to say to those who have not written papers for this Association, that they are losing a golden opportunity. It requires work and study to prepare a paper; but the writer receives more benefit in its preparation than any one else. It makes but little difference what subject you may write upon, you will gain information that will always be of benefit to you. I want to impress upon you that there is no quicker and surer way of reaching your goal than by giving to this Association the best there is in you.

Like many of your presidents before me, I thought I would have nearly all papers for this meeting written by managers and special agents who had not written papers; one after another refused, until I was forced to impose upon some of the old members to contribute.

You have an opportunity to write papers, and must not hesitate to accept it, for it is an honor, a privilege and an education.

The President resumed the chair.

The President—It is customary, gentlemen, for a committee to be appointed on President's Address. I will entertain a motion to that effect.

Mr. Sexton—I move that such a committee be appointed, Mr. President—a committee of three.

Mr. Meade—I second the motion.

The President—You have heard the motion, gentlemen, that there be appointed a committee of three on President's Address. What is your pleasure?

The motion carried unanimously.

The President—The next subject upon our program is "The Kinne Rule," a paper by our old friend William Sexton. This is one of the papers that I know you will all enjoy very much, indeed. (Applause.)

Mr. Sexton—This paper was written with the intent to keep the work of the Fire Underwriters' Association of the Pacific before the people, and as the principal work accomplished by the F. U. A. P. was the adoption of the Kinne Rule, which is universal in its application and consistent in its operation, we add the sub-heading of "Kinne Rule." Col. Kinne read this paper, approved it and was preparing to explain and to answer questions, when it was read; but man proposes and fate disposes; the Grim Reaper removed Col. Kinne from our midst, and the directors of the Fireman's Fund retired the writer from the worry of figuring with the public. The lessons taught us by Col. Kinne, not only in the "Kinne Rule of Apportionment," but also in the Kinne rules of life, all leading to and teaching concurrency, in patriotism, honor, honesty, and in the highest class of good citizenship, will remain impressed on the minds of his fellows until they are called to the Great Beyond.

THE KINNE RULE**Wm. Sexton**

General Adjuster Fireman's Fund



You have been told many times and often, where, when and how this Association started, and what it has accomplished; but "lest we forget," we must put in print that the territory within the jurisdiction of this Association is the only territory in the fire insurance world, that we know of, in which the companies have agreed upon rules of apportionment of, and contribution to, loss under non-concurrent policies; and also on an apportionment agreement on adjusting expenses.

In the United States territory outside of the Pacific department there are a number of different rules of apportionment and contribution, each rule approved by State Supreme Court decisions, such decision paying the loss in the case before the court; but neither one of them would apply in a case where the amounts of losses on items would materially differ from the case passed on.

A universal rule that pays the loss or exhausts the policy on any item under its covering does not exist in any jurisdiction outside of ours.

The States Massachusetts, Connecticut, New York and New Jersey, a territory that would reach less than half way to San Diego, have four different and distinct decisions on non-concurrent policies, neither of which would apply to a case where the factors of losses and insurance would materially differ from the cases passed on.

The large majority of the men who organized this Association were not "born and bred" insurance men; they had grown up in other lines of work, and could not see the fine lines that distinguished fire loss adjusting from other mercantile practices.

The courts agree on one point only, and that is, that the insured must not suffer loss on any item while there remains unexhausted insurance on any other item which can be carried thereto directly or indirectly.

When we, greenhorns, came in contact with the "born and bred" wise man adjuster from the East, who had a new rule for each new non-concurrent problem, which would let his company out easy, and

salt us, and who would quote court decisions to sustain any one of the numerous rules in vogue, we, this Association, with a courage born of ignorance, tackled the problem of a universal rule that would apply to any and all cases; and with a knowledge gained by twenty-five years' experience, finally established a rule that follows the dictum of the courts in exhausting all insurance that can be applied directly or indirectly to the payment of the loss on any item.

At one of the early annual meetings a committee was appointed to formulate a rule of apportionment. Two rules were presented, one by Col. Kinne, taking the Finn rule as a basis, which apportioned the general insurance in each policy in the proportion of "loss to loss" on the items under its covering; and in cases where this apportionment failed to pay the loss on any item, it provided for re-apportioning the excesses, if any, on other items to pay the shortages on such items covered thereunder, or to exhaust the insurance.

The rule presented by Mr. Sexton took the Toby (an English rule) as a basis, which apportioned the total insurance specific and general to all of the items in the proportion of "loss to loss," and provided for a re-apportionment of the balance of the insurance in cases where the specific insurance on any item, or group of items, exceeded the pro rata of the total insurance apportioned to such item or group of items.

Both these rules provided for the payment of the loss in full, or for the exhaustion of all insurance that could be carried to any item, thus following the dictum of the courts.

After a number of papers on the subject, which added somewhat to the general interest taken in the Association, the Kinne rule was unanimously adopted, and I congratulate you, as said heretofore, on having adopted a rule of apportionment and contribution that will apply to any case, and that is equitable and fair to all parties interested.

In this connection I call your attention to a class of apportionment of losses in which two or more limits of losses, or of values, are placed on the same article or item, the "bull and steers" case of about forty years ago. Herewith is a sample:

THE BULL CASE

Every old-time adjuster and some of the new ones, have taken a whack at the Sherman vs. Madison (Wisconsin) bull and steers loss of forty years ago, apportionment and contribution, see Griswold, page 844, and Clemens, page 327.

Company A—Covers \$1500 on live stock generally.

Company B—Covers \$1667.67 on live stock generally,
not to exceed \$500 in any one animal.

Company C—Covers \$1667.67 on live stock generally,
no one animal to be valued at more than \$500.

Losses, one bull \$2000, one steer \$168, one steer \$168.

This belongs to the class of cases where different policies cover different limited amounts of loss on same article or piece of property.

In this case Company A contributes in full face of its policy, \$1500, to pay any amount of loss on the bull or on any other animal.

Company B contributes in the sum of \$500 to pay any loss on any one animal.

Company C contributes in full face of its policy to pay losses not exceeding \$500 on any one animal.

The loss of \$2000 on the bull must, to meet the limit of loss of \$500 named in Company C policy, be divided in two losses (using the pencil instead of the cleaver to divide the bull of \$500 and \$1500 each, A, B and C being liable on the \$500 loss on the bull and for the loss on the steers, and A and C being liable for the \$1500 loss on the bull and for losses on the steers.

PAGE 844 GRISWOLD—APPORTIONMENT OF INSURANCE

	Bull	Steers	Total
Company A	\$1,284.24	\$ 215.76	\$1,500.00
Company B	500.00	1,167.00	1,667.00
Company C	500.00	1,167.00	1,667.00
	\$2,284.24	\$2,549.76	\$4,834.00

GRISWOLD CONTRIBUTION

	Bull	Steers	Total
Company A	\$1,124.44	\$ 28.44	\$1,152.88
Company B	437.78	153.78	591.56
Company C	437.78	153.78	591.56
	\$2,000.00	\$ 336.00	\$2,336.00

In this apportionment of "loss to loss" the respective amounts of Company A policy as apportioned is not correct. The apportionment to the steers should be on each steer, to follow Company B policy, which covers not to exceed \$500 on any one animal.

The apportionment of B Company policy placing \$1167 on two steers, being \$583.50 on each, is wrong; the limit of apportionment to any one animal is \$500, the balance of \$167 is not called for in this loss.

The apportionment of \$500 from C Company policy, from which to contribute to payment of loss on any one animal, is wrong. Company C is not limited to an apportionment of \$500 from which to contribute to pay loss on any one animal, but is limited to a loss of \$500 on any one animal to which it must contribute to pay.

The apportionment treating B Company and C Company policies on the same basis as contributing insurance in the sum of \$500 each on any one animal, is wrong, as shown above.

There are three separate and different contracts.

Company A policy covers and contributes in its full face to the whole loss on any one animal.

Company B policy covers and contributes in the sum of \$500 to the whole loss on any one animal.

Company C policy covers and contributes in the full face to any loss not exceeding \$500 on any one animal.

Company A policy applies blanket on all of the animals.

Company B policy applies \$500 on each animal, leaving \$167 not applied, there being only three animals.

Company C policy applies on all of the animals with a contributive interest to a loss limit not exceeding \$500 on any one animal, this limits the loss on the bull, to which it must contribute, to \$500, which we designate as "Contract A."

The balance of the loss on the bull, \$1500, we designate as "Contract B" and is covered under Company A \$1500 general and Company B \$500, both covering on "Contract A" and "Contract B," giving an apportionment as follows:

Losses		One Bull, \$2,000				One Steer		One Steer	
		Contract A \$500		Contract B \$1,500		Loss, \$168		Loss, \$168	
		Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays
Cos.	Amts.								
A	\$1,500.00	\$ 321.00	....	\$ 963.00	....	\$108.00	....	\$108.00	....
B	1,667.00	125.00	....	375.00	....	500.00	....	500.00	....
C	1,667.00	997.00	....	.....	....	335.00	....	335.00	....
		\$1,443.00	....	\$1,338.00	....	\$943.00	....	\$943.00	....

\$167 not
applied

This apportionment "loss to loss" shows a shortage on "Contract B" of \$162, and also shows sufficient excesses to cover that shortage under Companies A \$321 under "Contract A" and \$108 each on steers and \$125 under Company B on "Contract A," from which a pro rata is floated

to pay the full loss under "Contract B," reapportionment and contribution, as follows:

REAPPORTIONMENT AND CONTRIBUTION

		One Bull. Loss \$2,000				One Steer		One Steer		Totals	
		Contract A \$500		Contract B \$1,500		Loss, \$163		Loss, \$168			
Cos.	Amts.	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays
A	\$1,500.00	\$ 242.45	\$ 90.89	\$1,094.41	\$1,094.41	\$ 81.57	\$ 14.95	\$ 81.57	\$ 14.95	\$1,500.00	\$1,215.20
B	1,667.00	94.41	35.42	405.59	405.59	500.00	91.65	500.00	91.65	1,500.00	624.31
C	1,667.00	997.00	373.69	.....	.....	335.00	61.40	335.00	61.40	1,667.00	496.49
	\$4,834.00	\$1,333.86	\$500.00	\$1,500.00	\$1,500.00	\$916.57	\$168.00	\$916.57	\$168.00	\$4,834.00	\$2,336.00

The court apportioned and paid as follows, see Clement, Vol. 1, page 327:

	Steers	Bull	Total
Company A	\$104.34	\$1,327.58	\$1,431.92
Company B	115.83	172.42	288.25
Company C	115.83	500.00	615.83
	\$336.00	\$2,000.00	\$2,336.00

To illustrate our method of contribution:

On a loss of \$500 on the bull and nothing on steers

Company A would insure \$1,500 and pays.....	\$204.53
Company B would insure 500 and pays.....	68.17
Company C would insure 1,667 and pays.....	227.30

\$500.00

The Montana horse case of three years ago, copy of apportionment herewith, is another of the class where horses were subject to a limit of \$100, \$200 and open, as to loss under respective policies as shown therein.

The rule adopted by the writer in this class of cases is "that each separate limit of loss on any one piece or class of property shall constitute a separate loss item."

In the Montana horse case some of the horses were divided into items of \$100, \$200 and open. This division was made with a pencil and not with a butcher's cleaver.

AN UNUSUAL "NON-CONCURRENT" PROBLEM

The following non-concurrent problem from Montana shows the application of the Kinne rule:

NEW HAMPSHIRE POLICY

- \$500. On hay, grain and feed;
- \$500. On horses, vehicles and harness (claim on any one horse limited to \$100);

CONNECTICUT POLICY

- \$500. On vehicles, harness, sleighs, robes, whips and stable equipment of every kind and character; and
- \$500. On horses (in event of loss claim on any one horse insured under this policy shall not exceed the sum of \$100);

ST. PAUL POLICY

- \$1000. On ten (10) head horses, an equal amount on each in case of loss;
- \$1000. On vehicles, harness, saddles and barn tools;

FIREMAN'S FUND POLICY

- \$1500. On horses, vehicles, wagons and sleighs of every kind and character, harness, saddles, robes, whips, hay, grain and feed.
In event of loss claim on any one horse shall not exceed the sum of \$200.

PRUSSIAN NATIONAL POLICY

- \$1500. On horses (in case of loss no one horse to be valued at more than \$100);
- \$350. On carriages, buggies, landaus, surries, wagons, trucks and other wheeled vehicles (excluding automobiles and motor vehicles) and their attachments and appurtenances, sleighs and cutters;
- \$150. On harness and appurtenances, blankets, robes, whips, nets, rubber covers, wagon covers, sleigh bells and all other articles of horse wear, and all stable tools, implements and utensils.

THE LOSS ON ITEMS WAS

3 horses at \$250	\$ 750
3 horses at 200	600
6 horses at 175	1,050
1 horse at 165	165
4 horses at 150	600
3 horses at 140	420
4 horses at 125	500
1 horse at 75	75

Total on horses\$4,160

Vehicles	\$810.00
Harness	821.63
Robes	360.40
Hay and feed	471.00
Stable equipment	345.60

APPORTIONMENT AND CONTRIBUTION BY KINNE RULE

Loss on all items	\$6,968.63
Insurance on all items	\$7,500.00
Loss on 25 horses	4,160.00
Insurance on 25 horses (that can be applied)..	5,000.00

The policies on horses cover under three separate contracts, which for identification are designated Contract A, B and C.

Under Contract A—The New Hampshire, Connecticut and Prussian National cover not to exceed \$100 loss limit and or value of each horse.

Under Contract B—The Fireman's Fund covers claim limit and not to exceed \$200 on each horse.

Under Contract C—The St. Paul covers ten (10) head of horses, \$100 each, without limit to value or loss.

If all insurance covered under Contract A policies, the \$5000 insurance would pay loss of \$2475.

If all insurance covered under Contract B policy, the \$5000 would pay \$4010, being \$2475 under Contract A and \$1535 additional under Contract B.

If all insurance covered under Contract C policy, the \$5000 insurance would pay the loss on 10 highest priced horses, \$2050.

The apportionment of the respective policies must be based on the maximum losses on the property to which they can be applied.

Contract A policies apply to horses limited to loss and or value of \$100 each, on which the maximum liability is \$2475.

Contract B policy applies to horses limited to loss claim of \$200 each, on which the maximum liability is \$4010; \$2475 under Contract A, and \$1535 under Contract B.

Contract C policy \$1000 applies to 10 (highest priced) horses, an equal amount on each, maximum liability is \$2050 and applies with Contract A on \$2475, Contract B on \$1535, and on C loss, \$150.

Contract A insurance must contribute to pay loss of \$2475.

Contract B insurance must contribute to pay losses of \$2475 under A and \$1535 under B.

Contract C insurance must contribute to pay losses under A, \$1000; and under B, \$900; and under C, \$150.

Total loss as adjusted, \$6968.63. Total insurance, \$7500.

This method follows the decision of the courts and under the Kinne rule is fair to the insured and to the companies.

(See insert A)

PROBLEM IN APPORTIONMENT—A HAY CASE

Company A covers \$1000 on hay, with the 25 per cent or not more than two dollars (\$200) per ton loss reduction clause.

Company B covers \$200 on 20 tons of hay, an equal amount on each ton, with the three-quarter loss clause.

Fire destroyed 70 tons of hay, worth \$12 per ton, making
the property loss\$840

Company A covers 70 tons at the rate of \$10 per ton, loss
under its contract 700

Company B covers 20 tons at the rate of \$9 per ton, loss
under its contract 180

Limit of insurance loss under the policies 700

APPORTIONMENT AND CONTRIBUTION

The limit of the insurance loss on 20 tons under Company B
Contract, and covered by both A and B (we will call
Item 1) is\$180

The additional insurance loss of one dollar per ton and covered
under Company A Contract (we will call Item 2) is 20

The insurance loss on the balance (50 tons) and covered by
Company A (we will call Item 3) is 500

Total insurance loss\$700

The policy of Company A covers on the three items of losses of \$180, \$20 and \$500, respectively; and apportions \$257.14 to the \$180 item; \$28.56 to the \$20 item; and \$714.30 to the \$500 item; giving the contribution as follows:

Companies	Ins.	Loss Item 1 \$180		Loss Item 2 \$20.00		Loss Item 3 \$500.00		Totals	
		Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays
Company A	\$1,000	\$257.14	\$101.25	\$28.57	\$20.00	\$714.29	\$500	\$1,000	\$621.25
Company B	200	200.00	78.75	.....	.....	.....	....	200	78.75
	\$1,200	\$457.14	\$180.00	\$28.57	\$20.00	\$714.29	\$500	\$1,200	\$700.00

These non-concurrent limits of losses and or of values occur in live stock and in hay policies. The examples herewith are actual cases.

The following examples of applying the Kinne rule may assist the new man. No. 1:

Company A covers \$1000 on wheat;

Company B covers \$1000 on wheat and oats;

Company C covers \$1000 on wheat, oats and barley.

Losses: Wheat \$200, oats \$200, barley \$100.

Apportionment general policies, loss to loss:

Company B \$1000 covers \$500 on wheat, \$500 on oats;

Company C \$1000 covers \$400 on wheat, \$400 on oats and \$200 on barley.

CONTRIBUTION

Cos.	Insures	Wheat Ins.	Loss\$200 Pays	Oats Ins.	Loss\$200 Pays	Barley Ins.	Loss\$100 Pays	Total Ins.	Loss\$500 Pays
A—\$1,000		\$1,000.00	\$105.27	\$. . .	\$. . .	\$. . .	\$. . .	\$1,000.00	\$105.27
B— 1,000		500.00	52.63	500.00	111.11	. . .	. . .	1,000.00	163.74
C— 1,000		400.00	42.10	400.00	88.89	200.00	100.00	1,000.00	230.99
		\$1,900.00	\$200.00	900.00	\$200.00	\$200.00	\$100.00	\$3,000.00	\$500.00

The above example works out loss to loss without reapportionment and pays the losses under the "loss to loss" rule for the reason that the contributions from the first apportionment pays the losses on all items; but a change of the loss figures on the items will call for the reapportionment by the "Kinne rule."

(Insert A)

COMPANY	Amt. of Policy	LOSS ON HORSES, \$4160.00						VEHICLES		HARNESS		ROBES		HAY AND FEED		STABLE EQUIPMENT	
		Under Contract A, \$2475.00		Under Contract B, \$1535.00		Under Contract C, \$150.00		Loss \$810.00		Loss \$821.63		Loss \$360.40		Loss \$471.00		Loss \$345.60	
		Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays	Ins.	Pays
New Hamp. Contract A	\$ 500.00		\$ 460.94														
New Hamp.	500.00		399.85														
	1000.00		860.79														
Connecticut Contract A	500.00		486.06														
Connecticut	500.00		458.06														
	1000.00		944.12														
Prus. Nat'l Contract A	1500.00		1458.17														
Prus. National	350.00		251.78														
	150.00		148.04														
	2000.00		1857.99														
Fireman's F. Contr's A, B	1500.00		1430.03														
St. Paul Contr. A, B, C	1000.00		996.01														
St. Paul	1000.00		879.69														
	2000.00		1875.70														
	\$7500.00		\$6968.63														

NOTE—"a" First apportionment "Loss to Loss." "b" Apportionment from items having surpluses, to pay shortages on items under same policies, a the final contribution.

Losses: Wheat \$750, oats \$750, barley \$500.

Company A. Specific, \$1000 on wheat, apportions to wheat \$1000.

Company B. General, wheat and oats \$1000, apportions to wheat \$500, oats \$500.

Company C. General, wheat, oats and barley \$1000, apportions to wheat \$375, oats \$375, barley \$250, as follows:

APPORTIONMENT LOSS TO LOSS

Cos.	Insures	Wheat Ins.	Loss \$750 Pays	Oats Ins.	Loss \$750 Pays	Barley Ins.	Loss \$500 Pays
A—	\$1,000.00	\$1,000.00		\$		\$	
B—	1,000.00	500.00		500.00			
C—	1,000.00	375.00		375.00		250.00	
Over		\$1,875.00 1,125.00		\$875.00 125.00		\$250.00	
Short						\$250.00	

This shortage on barley must be made up from the surpluses on wheat and oats under "C" policy, said surpluses being \$375 on wheat and \$125 on oats, to apply pro rata to pay shortage of \$250 on barley; to which the \$375 on wheat contributes \$187.50, leaving \$187.50 of the "C" policy on wheat, and the \$125 surplus on oats contributes \$62.50, leaving \$312.50 of the "C" policy on oats, shown as follows:

REAPPORTIONMENT AND CONTRIBUTION

Cos.	Insures	Wheat Ins.	Loss \$750 Pays	Oats Ins.	Loss \$750 Pays	Barley Ins.	Loss \$500 Pays	Total Ins.	Loss \$2000 Pays
A—	\$1,000	\$1,000.00	\$444.44	\$	\$	\$	\$	\$1,000	\$ 444.44
B—	1,000	500.00	222.23	500.00	461.55			1,000	683.78
C—	1,000	187.50	83.33	312.50	288.45	500.00	500.00	1,000	871.78
		\$1,687.50	\$750.00	\$812.50	\$750.00	\$500.00	\$500.00	\$3,000	\$2,000.00

If the loss on barley had been \$1000, all of Company C policy would have been exhausted and the loss on oats would have been paid by drawing from Company B policy in full for the amount of that loss.

APPORTIONMENT AND CONTRIBUTION

Apportionment apportions to each item included in the general policy, and on which there is specific insurance, the proper sum from which to contribute with the specific insurance thereon to pay the loss on that item.

Contribution contributes pro rata from the sums so apportioned with the specific insurance to pay the loss.

The President—Gentlemen, you have listened to another one of Uncle William Sexton's right-to-the-point papers. I know there must be a great many here who could profitably ask questions of Mr. Sexton. I hope you will not be bashful about it at all.

Mr. A. W. Thornton—Mr. President, I rise not to ask any questions of Mr. Sexton in connection with his excellent paper. The membership of this Association knows that there is no one who has contributed more freely and liberally to the welfare of the Association than the reader of the last paper. All of his efforts are practically scientific treatises, on every subject which he has discussed. His talks on the floors of our annual meetings have been always interesting and characteristically to the point. We all congratulate Uncle Billy on his right to retire from the arduous duties that have been his. It affords me a very great deal of pleasure to propose the name of Mr. William Sexton for honorary membership in the Association.

Mr. Meade—I second the motion, Mr. President. (Applause.)

The President—I do not know of any motion that gives me more pleasure to present to this body than the motion just made, that our dear Uncle Billy Sexton, be made an honorary member of this Association. You have heard the motion, gentlemen. Are you ready for the question? All in favor of making Uncle Billy Sexton an honorary member of this Association please say yes.

The response was unanimous and strong.

The President—I need not say that Mr. Sexton is elected an honorary member of this Association. Is Mr. W. W. Hindman present? As he does not seem to be here, we will have to postpone the reading of his paper until later in our sessions, because I want Mr. Hindman to read his paper himself.

The Secretary—Mr. President, I take pleasure in proposing the name of Mr. John L. Noble, the Secretary of the Vancouver Island Fire Underwriters Association, for honorary membership in the Fire Underwriters Association of the Pacific.

Mr. Gibbons—I second the nomination, Mr. President.

The President—You have heard the nomination, gentlemen. What is your pleasure?

The motion carried unanimously.

The President—I take pleasure in announcing Mr. John L. Noble to election to honorary membership in the Association. As a committee on President's Address, gentlemen, I will appoint Mr. John Mendell as chairman, and Mr. Hunter Harrison, and Mr. George C. Main. That committee will also report on the Executive Committee's report. I would like to say, that it is necessary for us, in order that we may have a roster, to obtain the names of all those present, and I would like Mr. Flack, of Los Angeles, and Mr. Sabin, of San Francisco, to act as a committee to get the names of all those present, and to give the list to the Secretary.

Now, gentlemen, there is nothing more upon the morning program, and we will take a recess until this afternoon at two o'clock. I want to ask you to be here promptly at that time. We will endeavor to start our sessions at the time set, ten o'clock in the morning and two o'clock in the afternoon, and I want especially to ask you to be prompt at the meeting hour. We will now stand adjourned until two o'clock.

AFTERNOON SESSION

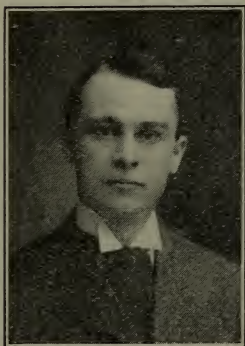
Convention called to order 2 p. m.

The President—The first paper this afternoon is one by Mr. F. G. Ainley on "The Great American Waste."

THE GREAT AMERICAN WASTE

F. G. Ainley

Special Agent American Insurance Company



The great American public is too busily engaged in the pursuit of making money to spend overmuch time in the saving of it. The past twenty-five years covers an era of unequaled prosperity, during which money has been easy, wages high and work easy to obtain. Fortunes have been amassed and the predominating thought of the masses has been in the pursuit of the almighty dollar. As a consequence the conservation of our resources, both natural and man-made, has been for the time relegated to the background and lost sight of. This condition concerned the mind of

our former President, Theodore Roosevelt, who appointed a commission of rural life, a forestry conservation commission, a commission for the conservation of our water-ways and strongly advocated the appointment of a commission for the conservation of the fire waste of the country, which, I believe, is the most important of them all.

The necessity for these commissions is at once apparent. Years of great prosperity have made us reckless and wasteful. The enormity of this spirit of reckless and unabating waste is exemplified very forcibly in the upward of two hundred and fifty millions of dollars that the American people annually sacrifice by fire on the altar of ignorance, carelessness and neglect.

While the conservation commissions appointed have performed their labors well and saved unto the people of the Union many millions of dollars, the conservation of the great and ever-increasing fire waste was another thing quite different in its aspect and solution. The task was a stupendous and staggering one to the man that had given it thought and one calculated to challenge the intellect and capacity of the brainiest of the men that had been concerned in its ultimate solution. It was at once apparent that the first step must be one of education, elementary in its scope.

Some of our ablest men in the insurance profession have said that the insurance interests of the country could make no better investment than to employ the time and pay all attendant expense of competent men in traveling throughout the country, giving free lectures to the public upon the making of fire insurance rates that the masses may know how rates are promulgated and that the matter of high or low rates lies quite with the public itself.

Probably no business that has to do so much with the commercial and industrial life of our Nation is less understood than the insurance business. The public has a mind that the underwriting operations of insurance companies are very profitable, that rates are arbitrarily made with no other thought than the profit that may accrue to the business. The public must be taught that insurance rates are simply a tax collected from the many and distributed to the comparatively few that are entitled to the distribution by reason of loss from fire, the insurance companies being the mediums through which this service is rendered with a small percentage of compensation to defray the expense.

The public little knows that the underwriting operations of insurance companies in the United States during the past twenty-five years has yielded an average loss of a fraction of 1 per cent and that whatever earnings have been made in the business have resulted from the financial investments and banking operations made possible by the large capital and surplus investments of their stockholders.

No business is legislated against today as in the fire insurance business. The ambitious solon, elected for the first time to a seat in the halls of legislation, and fired by an ambition to be of such service to his constituency as will bring about his re-election, at once attacks the fire insurance business. For the most part these men know little or nothing about the business and give little or no time to the study of it. They simply know that the father of a bill curbing the commonly

called great insurance trust or combination is immediately thrust into the limelight as a champion of the people's rights and a savior of his country. And gentlemen, this is to be found throughout the length and breadth of this great Nation of which we are all so proud to be citizens and hunt as you will for the answer, it is to be found in the one simple word—ignorance.

If ignorance is the cause of the discontent of the public with the business of fire insurance, of which I believe there is no doubt, who then is to spread the gospel of publicity, and now. An eminent politician has said, "If you expect to educate the public all that I have to say is that you have a h--- of a job on your hands." The job is indeed a stupendous one that well challenges the very best the man has in him that tackles it, but the job must be done and be largely done by the walking delegates of the insurance companies—the special agents.

While the detailed work of this great undertaking must be performed by the field men, it must necessarily have the sympathy and hearty co-operation of company officers and managers to succeed, and these personages above all others should lead the movement to success by their continued interest and encouragement.

I even have had the opinion that a man following the profession of fire insurance is in a position to serve society as few men in other walks of life are in a position to do. I believe that any man that has as his sole incentive for being in the business the pecuniary compensation that he receives is losing sight of an important obligation to the public at large.

Probably no more important factor in the basis of credit, which is a fundamental of our great business fabric, is the fire insurance policy, and surely no more serious economic problem, none confronts the American people than the saving to ourselves of more than two hundred and fifty millions of dollars each year that is being earned by our labors and allowed by ignorance, neglect, and in numberless instances, criminal carelessness, to be literally thrown away. Nor is the loss of property the most serious, for thousands of lives annually are sacrificed, with thousands of persons permanently injured.

Not alone should we be actuated by a patriotic impulse in assuming the responsibility of the solution of this question, but other very good reasons confront us for so doing. The very perpetuity of the fire insurance business, unhindered by nefarious laws and unjust regulations, which tend to discourage the investment of capital in insurance stocks

and cause men to give up the struggle against unjust laws and sentiment, depends upon the education of the public along these lines. During the year just closed some thirty-nine fire insurance companies in various parts of the United States and Canada have retired from business. The sifting time is at hand which is showing the survival of the fittest. I shall not take your time with the presentation of statistics showing the proportions to which this destruction of property has grown, for figures of the denominations necessary to use in presenting these facts are almost incomprehensible and thus quite meaningless to us, and it would likewise be unnecessary and presumptuous to attempt to enlighten you upon a subject that must have awakened the interest of every member of this association to the point of familiarizing himself with the facts. To indicate, however, the seriousness of this, our National problem, at once comprehensive, as comparing ourselves with our foreign neighbors, I might state that the annual per capita fire loss in the United States is given at \$2.79 against an average of 33 cents in six European countries, though their fire departments are inferior. I might also show why the per capita fire loss in this country is approximately ten times greater than in Europe, because of drastic laws in foreign countries, making it a serious offense to have a fire originate on one's premises, but time will hardly permit.

The subject of fire prevention is commanding the thought of thinking men in other walks of life than the insurance business. Men that are thinking in terms of the masses, and that see the great menace to our National welfare are advocating this educational policy. Mr. Thomas A. Edison of the electrical world, in a letter to Mr. Frederick H. Cowles of Medford, Oregon, member of one of the committees of the National Fire Protection Association, has expressed unqualified endorsement of a campaign for legislation, compelling the teaching of fire prevention in the public schools of the United States. The education of children in this important subject is striking at the root of the evil, as it is generally estimated that 75 per cent of all fires are due to neglect, carelessness or ignorance and the coming generation should be so thoroughly acquainted with the ordinary hazards as to show a material reduction in the fire waste.

But we can not content ourselves with a system of education in our schools. Gross irregularities and alarming conditions now surround us on every hand and these conditions must be corrected if we would do our duty in coping with this great problem. The business men

of today must be educated, must be shown the hazards and physical evils that menace their property and their lives and incidentally make high loss ratios.

Nothing short of an organized association will accomplish results in this undertaking. A systematic plan of action must be devolved, a well-defined campaign inaugurated with specific work laid out for specific individuals. This being done, there is every reason to expect results well worth the time and effort expended. There are at this time twenty-six organized fire prevention associations, operating in twenty-nine States, with a membership, in round numbers, of fifteen hundred individuals; fifteen hundred trained men throughout the various States and some of the Provinces of Canada, day in and day out, coming in personal touch with the people, performing practical work, for the co-operation of the people themselves is absolutely necessary to accomplish the purpose for which they are organized.

Dealing with the public is the sole work of the fire prevention associations, whether that work is with individuals, with city officials, city councils, with Legislatures or with professional and trade organizations, they deal ultimately and finally with the public at large.

The important features of the work to which other activities are incidental are public meetings, educational in their scope, town inspections by inspection committees and inspection of individual risks by individuals. For much of the data, outlining the activities of the associations now organized, I am indebted to Mr. Frank M. Drake, chairman of the committee on State fire prevention associations of the National Fire Protection Association, in his committee report to that body in session in May, 1913, in New York City.

The publicity work is principally in these town meetings. As a rule the associations hold at least one meeting in one town each month in their respective States. The meetings are advertised in advance by communicating with the newspapers, town or city officials, the chief of the fire department, and frequently a committee will visit the town in advance and confer with these persons personally. An especial effort is put forth to secure the attendance of the leading citizens of the town or community. These persons are busy men, not to be found on street corners, whittling dry goods boxes, but men of affairs who have to do with the progress of the town, leaders in its activities and betterments, and not singularly their attendance is the most difficult to obtain by reason of their busy lives. But when once

the real object of the work is made known to them they respond readily and usually become enthusiastic supporters.

The committee in charge of these public meetings makes a detailed inspection of the town. Everything is inspected but the dwellings. While this inspection is made by the special agents, the fire marshal is invited to be present to assist, if the town has such an officer, that he may be encouraged and strengthened and follow up the work in securing a remedy of the defects found. In making the detailed inspections, the hazards found are discussed with property owners, the object of the organization made known, fire prevention "Don't" cards are left with them, and they are impressed with their obligation to their neighbors and their civic responsibility to aid in reducing to a minimum the possibility of fire within their premises. Some idea can be gathered of the influence of such missionary work in the course of a few years dealing with whole communities at a time in this way.

The meetings are opened with a talk on fire waste and the interesting, and to the layman, almost unbelievable statistics, given, of which such a volume is at hand. Local conditions are pointed out and discussed, bad conditions particularly, the local fire record analyzed, deficient protection and regulation shown and such observations made as will bring to the people of the community the enormity of the present fire waste. Some wonderful results develop from these meetings. Men that have been bitter enemies of the fire insurance business, blinded by their prejudice and entirely overlooking their own responsibilities and opportunities in this great economic problem, have been brought to the meetings, cultivated, shown the broad and unselfish aims of the movement, and almost without exception have left the meetings as friends, not only of fire prevention work, but of the fire insurance business as well.

There is an intensely human phase to this work which is sought to develop. Possibly every special agent within my hearing has not inspected one, but many school buildings, housing hundreds of helpless children, where conditions have been found that menace the lives of these little ones and through ignorance no concern is exercised by those responsible. And those of us who have little ones of our own, of whom we see not overmuch, can bring very close to home a realization of what the pointing out of these things mean to those interested.

Insurance rates always have an airing at these meetings. Some one has a grievance, his rate is too high, or the rate of the town is higher

than of the neighboring towns, where conditions are much worse. It must be emphatically explained that these meetings have nothing to do with insurance rates, excepting as the hazards in the towns are reduced and the protection is made more efficient, so will these things necessarily have a bearing in the reduction of rates. The average American, in this land of the free and the home of the brave, I believe is not easy of restraint and insists upon knowing the whys and wherefores of those things with which he has to do. Because he does not know why the rate on his property is fixed at a certain figure, he immediately assumes that it is excessive and makes it his business to see that it is reduced or know the reason why. And we must tell him the reason why or ever be subject to his combative influence. And so a feature of the public meeting can well be the giving of a blackboard demonstration, by a trained rater, to show the scientific modern method of schedule rating as proof that the rate is purely a measure of hazard and that the system by which it is promulgated is strictly one of merit. Thus the reasons for a high rate on a bad risk and a low rate on a good one are shown.

After a town is inspected a complete town report is published, showing all the defective risks by street names and numbers and the defects found therein. These town reports are sent to each member of the association and to each company represented by the association members. Each owner or occupant of a property in which a remediable defect exists is also sent a notice of such defect with a request that the defect be remedied and the association advised of the same. The city officials, the chief of the fire department and the newspapers are furnished with copies of the report, as are also the local agents in the town. In some States follow-up work, to see that defective conditions are remedied, is done by small committees, who make a re-inspection some weeks after the original inspection.

Let me repeat that the one thing most needed is education, and through these details the ignorant prejudices of the masses toward the business of fire insurance is being displaced with an intelligent conception of the business.

The committee in charge of the town inspections and public meetings also holds meetings of the local agents, not open to the public, but by themselves, where matters needing especial attention may be freely discussed. Almost every town has conflagration blocks and risks that are practically uninsurable. It is squarely put up to the local agents that

it is their business to see that these sore spots in the town's physical construction are remedied. That it is their business to go to property owners boldly, frankly and intelligently show them the danger to property and to life to allow such conditions to go unchanged, rather than in an apologetic way as if they were trespassing their rights.

Fire department inspection is urged as of educational value, not only to the people but to the firemen themselves. Conferences are had with the chief of the fire department, when the adoption of the system is urged or an improvement of the system sought if it is lax.

Simultaneously with the public meeting, or during the same day, the public schools of the town are addressed upon the importance of fire prevention. Real reform of the present laxity must be accomplished through the education of the boys and girls that a few years hence will stand in the places of the present mature citizenship. Initial impressions can be made early in life that will make unnecessary a combative influence against ignorance later on. The publicity commission of the Western Union has now published a book on this subject called "Teach Children the Danger of Fire."

The regulation of local conditions by ordinance is urged and in some States the fire marshal has been influenced to endorse the ordinance work, even though there be no State law on the subject.

Public meetings are addressed and places on the programs of conventions are easily secured, as there is no body or class of people that is not affected by this great problem. Places on these programs are sought because bodies of professional and business men do not know of the work and are naturally not going to take the initiative.

Trade associations are beginning to invite the associations to address them on fire prevention, as they are interested in improved conditions that tend to the reduction of rates.

The question of legislation must be approached very carefully and guardedly, but even in this a large work is being done. Many State laws are being secured by fire prevention associations and fire marshals appointed through their influence.

The inspection of individual risks is carried on by special agents in the daily routine of their work as they go from town to town throughout their respective fields. Each member of the association is provided with two sets of inspection blanks. One set has enumerated thereon a tabulated list of all such hazards as are to be found in the properties inspected, floor by floor, of the buildings from the basement to the top; as the in-

spector goes through the building he checks on the slip the hazards found. When the inspection is complete, the slip is sent to the secretary of the association to be bulletined. The other slip furnished him is blank and he makes notation thereon of the defects found, this slip being left with the owner or occupant of the building inspected, a printed request thereon asking the owner to report to the association within ten days that the defects have been remedied. These inspection reports are bulletined each week or each fortnight and a copy of the bulletin sent to each member of the association and each company represented.

At the expiration of ten days all owners not reporting on the inspections made are again requested to report the action taken to remedy defects, and if no report is then received a third request is mailed, after which, if no answer is received, they are bulletined again to the effect that no attention is paid to notices. When answers are received advising of corrections made, they are bulletined to that effect.

By this system the companies interested are in possession of data enabling them to intelligently determine whether the risk is desirous for them to continue to insure. Please note that these inspections are made in the interest of and by representatives of—if in this State—the California State Fire Prevention Association. In this way two birds are killed with one stone, the inspection for the company, the representative of which happens to be doing the inspecting, and the inspection for the association in the interest of mankind.

For some reason, which I have been unable to fully comprehend, the inspection of risks by many special agents is superficial, and seems to be attended by fear and trembling on the part of the inspector that somebody will learn that he is even contemplating looking over a risk that his company may be covering. If this feeling does exist, because of concern on the part of the company, manager or special agent, lest the owner of the property involved may resent the criticism of his property and retaliate by cancelling his policy or blacklisting the company, it seems to me that keen competition has gotten us into a deplorable condition. To be cowed into a position where we are afraid to properly supervise our own business is certainly a sad state of affairs.

But the inspection of property, as a representative of the California State Fire Prevention Association, an association organized for quite another purpose, is altogether a different thing, and herein is found the opportunity to throw out our chests, approach the property owner with all the dignity of a representative of a great State organization, and if

he is obstreperous, tell him "where to get off" and if he doesn't get off, simply push him off, and go on our way rejoicing in regained manhood.

For a person interested in the great subject of fire prevention there seems to be no place to cease in the pointing out of the manifold ways and agencies that present themselves as suitable mediums for carrying forward this magnificent work. But a few of the most important features have been touched upon with many more very helpful and thoroughly practical unmentioned, as time will not permit.

The question may now be uppermost in some of your minds, whether this is not likely to take too much time from the more important work, as some consider, of looking after the premium income. If the question is with you, it seems to me it is to be regretted. For my part, I never could think it the part of good underwriting to sacrifice the keeping down of the loss ratio to the producing of premium income. Ultimate net results are certainly what we should strive for. In conversation with a Coast manager some few months ago, he made this assertion: "What we want is the premium income; we don't give a damn about the loss ratio." With a full appreciation of my humble capacity as a special agent, as compared with the exalted position of a manager, I must say that I can not coincide with the gentleman's views on this subject.

I am convinced that the keenest interest on the part of special agents in the program of fire prevention would in no way impair their usefulness or take time from their regular work, not fully justifiable, but on the contrary their services in the interest of their respective companies would be more valuable. This conviction is had from my own experience and observation in fire prevention work and from the testimony of other field men that have been interested in association activities.

Not the least reason why the organization of a fire prevention association in this, the most glorious and most talked-of State in the Union, would be the opportunity given for friendly co-operative work among the field men of the State.

Gentlemen, I appeal to you as a man whose friends mean much to him, whose joy in life is obtained in other ways as well as in the mad rush for the almighty dollar, though much I may need it, in the puzzling problem of providing overalls and cast iron shoes for four tow-headed, red-blooded heirs to their dad's special agency position.

The absence of friendly relationship, of friendly social intercourse among field men may be encouraged by some companies and some managers, but ultimately the business must suffer therefrom. It is an old adage, but I believe pertinent to the business of fire insurance, that a house divided against itself can not stand. Co-operation is essential to the perpetuity of the business on a profitable basis and that co-operation should not be lacking among the men at the front, the privates in the ranks.

A community of interest, drawing men together in a bond of good fellowship, does not mean less keen competition, but it can mean the putting of a man on his honor, as a man, to uphold right principles and "tote fair" in his competition. In States where laws prohibit the jurisdiction of organized bodies in the insurance business to regulate that business, conditions are controlled by that code of honor among insurance men, and that honor, born of love, friendship and high regard, man for man, is the most potent influence in the world of today.

And if my observations are not faulty, correct principles are upheld and right practices are maintained with greater consistency on that basis of honor than in some States where rules and regulations of organized bodies govern the business and which are violated under every subterfuge known to the profession.

Mr. O. B. Ryon, general counsel of the National Board, in a recent address to field men for the most part, at a Blue Goose luncheon in the city of Chicago, said these words: "There is no greater force in the business today than fraternity. Fire insurance is now on trial and those engaged in it must give reason for the rates that are charged. It is necessary, therefore, for the men to stand together, shoulder to shoulder, at this time."

To my mind no more helpful movement can be inaugurated today that the organization of a State fire prevention association in the State of California, in the interest of our Nation, our State, the business that claims our time and attention and in the interest of those things eminently worth while, above and beyond the sordid things too much indulged in in the business world of today. Nothing less, gentlemen, than brotherly friendship, which promotes brotherly kindness and makes life worth living.

The President—We have listened to a most excellent paper by Mr. Ainley on this subject. Do you care to discuss it at all at this time? If not we will pass on to the next paper. We were to have a paper this morning by Mr. W. W. Hindman but unfortunately the Southern Pacific train was late—something never heard of before. He is here now and I am going to ask him to read his paper to us at this time with your permission.

Mr. Hindman—Mr. President and gentlemen of the Association, I have never attempted to read a paper before a body of men before, but owing to the importance of the subject I will take the liberty of boring you while I read my paper.

THE INSURANCE LAWS OF THE STATE OF WASHINGTON

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The subject assigned me for discussion, "The Insurance Laws of the State of Washington," is a very broad one, but with a few exceptions it is contained in the legislative enactment of 1911 of that State, but time prevents me from discussing the entire act and I will therefore confine myself to that part which to me seems of the most importance to the insurance companies doing business in that State.

Section 106 of the act provides:

"On and after January 1, 1912, no fire insurance policy covering on property or insurance company shall issue any fire interest therein in this State other than on form known as the New York Standard, as now or may be hereafter constituted."

And section 80 of the same act gives the insurance companies until the first of January, 1912, to comply with the act.

Section 31 provides that all contracts shall be constituted according to the terms and conditions of the policy, and section 8 provides a penalty for failure of the company to comply with the act. By this

enactment the New York form, as constituted at the time of the taking effect of the law, became the lawful policy of the State of Washington. That one Legislature can, by simple reference to the laws of another State, then in existence, adopt and make it a part of its own enactment, I call your attention to the following adjudications upon the subject:

Bibbs C. L. Assn. v. Richmond, 21 Ga. 611;

State v. Tausick, 116 Pac. 651, 656 (Wash.);

People v. Fire Assurance Co. of Phila., 44 Amer. Rep. 380 (N. Y.);

Southerland on Statutory Construction, Sec. 257.

Therefore all the provisions of the New York Standard form become the law of the State of Washington, equally binding upon the insurance companies, as well as the assured, and all laws of that State inconsistent with the provisions of the standard policy as adopted were by this enactment repealed. That this is the rule, I wish to call attention briefly to a few authorities. The most recent case upon this subject construing a statute similar to the one enacted in Washington is that of Oatman et al v. Bouslen's & Merchants' Mutual Fire Relief Association, handed down by the Supreme Court of the State of Oregon and reported in 133 Pacific at page 1183, holding that where a policy of insurance in form required by the laws of Oregon was issued covering the damage to property by fire, that as the assured was not the sole owner of the ground on which the house injured was situated at the time of the issuance of the policy of insurance, although he had an insurable interest in the property, that the policy was void and that no recovery could be had thereon, notwithstanding the previous decisions of that court to the contrary, handed down prior to the enactment of the Standard form of policy in that State, and the court said:

"This court in several cases held that conditions in such contracts could be waived. (By an agent).

Arthur v. Palatine Ins. Co., 35 Ore. 27;

Allesia v. London Ins. Co., 45 Ore. 442.

But in 1907 the Legislature of this State passed an act on this subject changing this rule, and this act was amended in 1911. This statute requires insurance companies to incorporate into their policies, inter alia, the following condition: 'This entire policy, unless otherwise provided by agreement indorsed hereon or added hereto, shall be void, * * * if the interest of the insured be other than unconditional and sole ownership; or if the subject of insurance be a building on

ground not owned by the insured in fee simple,' etc. Under this provision, which is a part of the policy sued on, less than an unconditional or sole ownership or an interest less than a fee simple may be insured, but a statement setting forth such interest must be indorsed on the policy or added thereto or the policy is void. The policy sued on contains the conditions of the statute quoted, *supra*, but contains no indorsement or statement showing that the insured's interest in the real property on which the dwelling house was situated was less than a sole ownership, or that their estate therein was less than a fee simple. Hence, according to the terms of said policy and of said statute, said policy is void."

And in *Black v. Atlanta Home Insurance Co.*, 61 S. E. 672, the Supreme Court of North Carolina, in considering a statute similar to that of Washington, held that an agent had no authority to agree to concurrent insurance unless such consent was indorsed on the policy, notwithstanding the previous decisions of that court handed down prior to the passage of the act, and said:

"The plaintiff is confronted with the express provision in the face of the policy, the form of which is prescribed by the statute, that no officer, agent, or representative of the company shall have power to waive any provision or condition, except such as by the terms of the agreement is 'indorsed hereon or added thereto,' and as to these no officer, agent, etc., shall have such power, or deemed or be held to have waived such condition, unless the waiver, if any, shall be 'written upon or attached thereto;' nor shall any privilege or permission exist or be claimed by the insured unless so written or attached. There can be no controversy regarding the meaning of these words. They are inserted in the policy, not by the company or by the plaintiff, but by the statute. To fail to give them force and effect is to nullify the statute. They are not intended to restrict the powers, express or implied, of general or local agents, but to prescribe an invariable rule of evidence by which their conduct must be proven to bind the company."

Further on this subject, see:

- Anderson v. Merchants Fire Union Co., 60 N. W. 1095;
- Roper v. National Insurance Co., 76 S. E. 870 (N. C.);
- Moore v. Hartford Fire Ins. Co., 36 N. E. 191 (N. Y.);
- Park v. R. G. I. Co., 39 N. E. 179 (Mass.);
- 13 Amer. & E. Ency. of Law, 2d edition, 223;

- 1 Cooley on Insurance, pp. 528-529;
Stark v. Phoenix, 77 N. W. 753 (Wis.);
Burgeous v. National Ins. Co., 57 N. W. 347 (Wis.);
Kollitz v. Eq. Mutual Fire Ins. Co., 99 N. W. 891;
Hamilton v. Royal Ins. Co., 50 N. E. 863.

And in the case of Hicks v. British American Ins. Co., 48 L. R. A. 424 (N. Y.), the court held that where a contract was made to issue a policy of insurance and none was issued at the time of the fire that destroyed the property agreed to be insured, that the form required by law became the policy of insurance, regardless of the fact that it had not been executed.

All the provisions, therefore, of the New York Standard form as constituted at the time of the taking effect of the enactment of 1911 became a part of the law as effectively as though the form had been set out word for word, and in my opinion none of its conditions or provisions can be changed, waived or abrogated by a local agent except in the manner provided by the policy of insurance. Although this question has not been passed on by the Supreme Court of Washington, I am satisfied that if the question is presented to that court it will follow the rule above announced.

If section 106 of the laws of Washington stood alone, the rights of the company and the assured would have been safeguarded. A form with conditions familiar to all would have been established. The meaning and the construction to be placed on the provisions of the policy of insurance would have been clear. Arson and perjury would have been lessened, and rates would have been reduced, but the Legislature by one fell swoop by including section 34 in the act undid its good work and left the law in a most chaotic condition, which took away from the insurance companies all the protection which it had given it and the assured by section 106 of the act, and in effect, left section 106 without effect, and if section 34 is to be upheld by the courts it wipes out all the provisions of the New York Standard form, with a few exceptions hereinafter noted, and leaves the policy which the insurance company is, by the statute, compelled to issue, practically a promise to pay upon the happening of the event insured against.

Under this section of the statute the insurance companies can not safeguard their interest by contract, regardless of the mandate of the Legislature to issue a policy in the form known as the New York Standard, and all warranties and conditions to be kept by the assured

during the life of the policy, contained in the policy, are of little value. No distinction can be made in the degree of the risk, and all whether hazards or extra hazards, so far as warranties or conditions are concerned, are placed upon the same plane, and the policy thus required to be issued is one without conditions except conditions subsequent to the fire.

If this statute is upheld substantially the only defense to an action on a policy of insurance in the State of Washington is, first, arson; second, a breach of some condition subsequent to the fire, such as failure to furnish proofs of loss, or to submit to an examination under oath, etc.

Let us consider its provisions. It provides:

I.

"No oral or written misrepresentation or warranty made in the negotiation of the contract or policy of insurance by the assured, or in his behalf, shall be deemed material, or defeat, or avoid the policy or prevent it attaching, unless such misrepresentation is made with the intent to deceive."

The meaning of this provision is so plain that it scarcely needs to be commented upon. Unless the misrepresentation or warranty is made in the negotiation of the contract, with the intent to deceive, this provision of the act does away with the following provision of the New York Standard form:

"This entire policy shall be void if the insured has concealed or misrepresented, in writing or otherwise, any material facts or circumstances concerning this insurance or the subject thereof, or if the interest of the insured in the property be not truly stated herein."

If the company is induced to enter into a contract of insurance on any kind of representation or warranty, whether oral or written, regardless of how material such representation or warranty may be to the risk, or whether it was the sole inducement to the company entering into the contract, in case of loss, if the insurance company sets up the breach of warranty or the falsity of the representations as a defense, the assured can plead and prove that such representation or warranty was not made "with the intent to deceive," and leave the question one to be determined as a fact by the court or jury, and in the average case it is hardly necessary to speculate in whose favor the judgment would be rendered. Under such a provision it is in the majority of cases impossible to successfully defend an action on a

policy of insurance on the ground that the contract of insurance was induced by a false representation or warranty by the assured.

This section next provides:

II.

"The breach of the warranty or condition in any contract or policy of insurance shall not avoid the policy nor avail the insurer to avoid liability unless such breach shall exist at the time of the loss and contribute to the loss; anything in the policy or contract of insurance to the contrary notwithstanding."

This provision effect practically wipes out all of the conditions of the New York Standard form of policy, thus:

- (a) Concurrent insurance without permission;
 - (b) Operating a manufacturing establishment later than 10:00 o'clock at night;
 - (c) Or ceasing to operate it for more than ten days consecutively;
 - (d) Increasing the hazard;
 - (e) Employment of mechanics in the building, altering or repairing the insured premises for more than fifteen days at any one time;
 - (f) The building insured on property not owned by the insured in fee simple;
 - (g) Insuring personal property that was or became encumbered by chattel mortgage;
 - (h) Commencement of foreclosure proceedings on property insured;
 - (i) Change in interest, title or possession of property insured;
 - (j) Generating of illuminating gases or vapors;
 - (k) Keeping, using, or allowing on the premises insured, benzine, etc.;
 - (l) The remaining vacant or unoccupied of property insured for a period of more than ten days
- will not avoid the policy unless such breach shall exist at the time of the loss and contribute to the loss.

This part of the law would not have been so vicious were it not for the last part thereof, that a breach of the warranty should "contribute to the loss." This again leaves to the court or jury the question of fact as to whether any breach of warranty in a policy of insurance "contributed to the loss," and for that reason avoids the contract. Those who have had practical experience in this kind of litigation know what difficulty the companies have in proving that a certain

thing contributed to a loss. Take for example the watchman or vacancy clauses. How can it be proven to a certainty, by this I mean by such facts that the company would be entitled to an instructed verdict, that if a watchman had been on the premises, or if the house had been occupied, that a fire would not have occurred? True, in some cases it can be done, but in the majority, no. But the Legislature was not content to stop there. After taking away practically all the companies' defense, and in order to make doubly sure that no insurance company could escape liability on the account of a breach of warranty by the assured, this section further provides:

III.

"In case a loss occurs while a breach of warranty exists, if it contributes to the loss, the insured shall only be entitled to recover the amount of insurance, the premiums paid would purchase at the rate that would be charged without the warranty."

It seems to me that in this provision they have said it all. If the company could, perchance, overcome the difficulties set in its way by the Legislature and prove that a breach of warranty did contribute to the loss, still it would be required to pay the assured "the amount of insurance the premiums paid would purchase at the rate that would be charged without the warranty." And to leave no doubt that it had accomplished its deadly work and that no ghost of the stricken warranties or conditions of the New York Standard form should stalk, so as to in any way turn an upright judge from his duty to bury its dead, it provided that "this section shall be liberally construed."

It will be seen, therefore, that when an insurance company would have issued a policy without a warranty of a certain fact, but would have charged a different premium for the covering of the risk, that the assured would be entitled to recover in event of loss "the amount of insurance, the premium paid would purchase at the rate that would be charged without the warranty." When the premium to be paid under such conditions could be ascertained by a reference to the rate schedules, as filed by the insurance company with the insurance commissioner of the State of Washington or as adopted by it, the section can be easily applied, but where it is uncertain or where the company would not have issued the policy but for the warranty, it is different, and as a suggestion in the way of a question—and leave to the courts of the State of Washington its determination—how is this provision going to

be practically applied in certain cases? In many instances policies of insurance would not be issued without some safeguard in the form of a warranty or warranties. Such as a prohibition against keeping large quantities of gunpowder or other highly explosive substances on the premises, closed down mills and manufacturing plants without a watchman—how is it to be determined in such cases the “amount of insurance, the premiums paid would purchase” without the warranty?

It seems to me that in such cases if the breach of warranty contributed to the loss that the policy would be void, notwithstanding this provision of the statute.

In studying section 34, I reached the conclusion that it was inoperative for the reason that it was totally inconsistent with the general act and totally at variance with sections 31, 80 and 106 of the act, and in the case of *E. H. Stanton & Co. v. Rochester German Underwriters Agency*, tried recently in the District Court of the United States for the Eastern district of Washington, reported in 206 Fed. 978, I presented this question to the court but its decision was adverse to my contention and as this question is one of great importance I will take the liberty of quoting from this decision:

“The defendant contends, however, that this provision is in conflict with other sections of the act and particularly with section 106, adopting the New York standard form of policy as now or may be hereafter constituted, and that the operation of section 34 must be limited in point of time to the first day of January, 1912, when section 106 became operative, or if its operation can not be so restricted that it was repealed by later conflicting provisions of the same act. I can not agree with either of these contentions. No reason has been suggested why the Legislature should attempt to fill a temporary gap covering the brief period between ninety days after the adjournment of the 1911 session and the first day of January following, or why a warranty in an insurance policy should have a greater effect after January 1, 1912, than before, and I discover none. The Legislature evidently intended that section 34 should form a part of the permanent insurance code of the State and it is the duty of the courts to give full scope to the law as enacted. Nor is there any such conflict between section 34 and later sections as will work a repeal of the former. By one section the Legislature has prescribed a form of contract and by another has declared the force and effect of that contract. This is not at all uncommon in legislation. Legislation often prescribes the form of a deed

or other instrument and then gives to it an effect which the courts could not give under the accepted canons of statutory construction. But the legislative will is supreme in that regard. Its powers are not restricted by the rules of construction; it may override both and often does. In this case it has simply defined the force and effect of a breach of warranty in an insurance policy or contract, and it was entirely competent for that body to do so."

This case was not appealed and therefore is not a final adjudication on the question presented.

It seems to me that if section 34 is valid that the present rate tariffs filed or adopted by the insurance companies in Washington is based upon the wrong theory and unfair both to the insurance company and the ordinary insurers in that State. All rates on insurance are based, of course, on the hazard assumed by the company and upon the promises of the assured to do or refrain from doing some particular act or acts, and in the ratio of the importance of the provisions of the policy to be kept by the assured, the premiums are increased or decreased, and if the promises so made by the assured can not be enforced, then in fixing the premiums on a given risk they should be disregarded and should not be taken into consideration. The rate schedules filed or adopted by the insurance companies with the commissioner of insurance of the State of Washington are replete with provisions and conditions upon the promises of compliance with or the failure to comply with by the assured, his premiums for insurance are increased or decreased, and yet these provisions, if contained in or endorsed upon the policy are but empty words and void conditions which the assured can break with impunity, subject only to a limited liability on his part as hereinbefore discussed. Why then should this empty form be contained? Why should not the insurance companies then base their premiums on hazards assumed, disregarding the conditions or warranties contained in the policy as not being of any binding force upon the insured. To more fully illustrate this proposition and, as an example, take the Stanton case above referred to. Under the basic rate of the McKenzie schedule, as filed and adopted by many of the insurance companies, the premiums for insurance on this plant under the policies issued, without the warranty to keep the A. D. T. watch and clock system, was \$3.25. With such warranty it was \$2.77½. The policies issued all contained this provision, "It is a part of the consideration of this policy and the basis upon which the rate of premium is fixed

that the insured shall maintain upon the within insured premises, forty combination night watch and fire alarm boxes of the American District Telephone Company. * * * It is hereby warranted by the assured that one or more watchmen shall continually be on duty in the premises herein described, nights, Sundays and holidays—watchman services being under A. D. T. watch and clock system."

By so agreeing the assured's premiums were so reduced on \$225,000 of insurance on its plant, and yet the Federal Court held that by reason of section 34 a total failure to comply with the said warranties did not affect its right to recover the total amount of damages done by fire, because the insurance company could not show that the failure of the assured to keep its promises contributed to the loss. The promises of the insured in this case were unenforceable, yet it received a large consideration from the insurance company in the way of reduced premiums upon a void promise to do particular acts on its part. It did not give, nor did the insurance companies receive, any consideration for such reduction of premium, and yet the assured was fully protected from loss up to the total amount of its insurance, notwithstanding the fact that it paid an inadequate consideration therefore.

The Stanton case only illustrates the futility of basing your rates upon the promises of the assured to keep any conditions or warranties contained in the policy. Are you going to insure closed-down manufacturing plants without provision that a watchman shall be kept continually on duty, or issue a policy without the occupancy, chattel mortgage or similar clauses, without a rate commensurate with the risks assumed? The probability is that you would not do so knowingly. Yet when you issue a policy in Washington regardless of its provisions, conditions or warranties, and charge the schedule rates therefore, based upon such conditions, you are in effect doing this very thing, as section 34, as we have seen, produces this result. And yet we have the absurd provision of the statute compelling you to issue a policy of insurance with all formality, containing all the stipulations and provisions of the New York Standard form and another provision of the same enactment saying that when you have so complied with the mandates of the Legislature that it has compelled you, under penalty to perform, the provisions of the policy so issued under said statute are without effect.

That this is unfair to the ordinary insurers of the State of Washington, whose risks are not extra hazardous, is obvious. An insurer

can obtain insurance on an extra hazardous risk, and by promising to keep and perform certain conditions or warranties obtain a reduction in rates from that which he would be required to pay without such promises and then disregard them, and if the insurance company can not prove, in case of fire, that the assured's failure to keep his promises contributed to the loss, he can recover his entire insurance regardless of the premium paid, and will in this way be given a discriminating rate from those of ordinary insurers with less hazardous risks. And as a failure to keep warranties necessarily increases the hazard—and consequently the losses—and as the insuring public must in the last analysis pay the losses, the advanced rates that will be caused by the increased hazard must therefore of necessity be borne by all the insurers, while it should be borne by those only who are responsible for the increase of the rates. But it may be said that if an insurer fails to comply with his promises the amount that he can recover in case of fire is decreased in ratio that "the premiums paid would purchase at the rate that would be charged without the warranty." This is true if the breach "contributed to the loss," but as we have seen this question is one of fact for the court and jury to determine, and in the majority of cases will be decided against the companies, and I dare say that any insurance company that would issue a policy of re-insurance to pay a loss in case of failure of the first company to prove that the breach of any warranty contributed to a loss would not long survive. Therefore it can be seen that this provision is an invitation to certain policyholders to disregard their promises and breach their warranties, and in case it is proven that the breach did contribute to the loss they can still recover, and is a direct invitation to them to increase the hazard and thereby the losses by failure to keep their promises. To keep warranties in the majority of cases requires an expenditure of money, such as paying for night and day watchmen, establishing and maintaining sprinkler and A. D. T. clock systems, etc., and in many cases the assured from a monetary standpoint can afford to breach his warranties and take a gambler's chance as to the amount he would recover in case of loss, with a strong probability that he would recover his entire damages, and in any event, all he has paid for.

This section is a direct invitation to fraud. A direct invitation to commit arson, a direct invitation to breach the warranties and conditions of the policy and to neglect the ordinary precautions that prevent fires.

One of the purposes of the code was to provide a uniform premium on risks of like character and compel all insurers to pay a premium on their insurance in accordance with the risk assumed by the insurer. Yet in practice this law, as we have seen, defeats the very object it was intended to accomplish.

RATES

Reverting again to that part of section 106 of the act, which provides in effect that the insurance companies shall use the form known as the New York Standard, "as now or maybe hereafter constituted," I am of the opinion that the last part of this act which requires the insurance company to change their policy of insurance whenever the Legislature of New York changes the form, is unconstitutional and void, for the reasons:

FIRST.—It is a fundamental principle that all provisions of a bill introduced in the Legislature must be thoroughly considered by that body and its contents thoroughly known. It must be read in full before it can be put upon its final passage and discussion allowed by the members as to the wisdom or unwisdom of such an act. Each member of the Legislature must have an opportunity to express his opinion as to the provisions of the bill so as to intelligently vote thereon, and a bill that from its nature could not be so considered is of necessity void. I am now referring to a law like the one in question which was intended to be and is complete in itself, and not provisions contained in complete acts adopting rules of construction or modes of procedure for carrying out its provisions by references to other acts. It is manifest that the Legislature of Washington could not consider future laws passed by the Legislature of New York, could not have known their provisions and therefore could not have considered or discussed them or voted on them, and therefore could not legislate in reference thereto. In the case of *Bibbs C. L. Assn. v. Richards*, 21 Ga. 611, the Supreme Court of that State upheld a legislative enactment which referred to a law then in existence but did not set out in full its provisions, and holding that in order to uphold legislative enactment that the court would conclusively presume that the Legislature, at the time of the passage of the act, had before it the law referred to and read and considered it, and for that reason the act was good and did not violate the Constitution. But in that case, as it will be seen, the law referred to was then in existence. Its terms by reference thereto could easily be ascer-

tained. It could have been read, and doubtlessly was read by the members of the Legislature, and there is no doubt that the court was right in its decision, but had the law not then been in existence, then a different result would undoubtedly have been reached.

SECOND.—This provision of the act is unconstitutional and void in my opinion for the reason that it is an attempted delegation of legislative functions of the legislation of the State of Washington to the legislation of New York.

Under the Constitution of Washington all legislative powers are vested in the Senate and House of Representatives and no other body is authorized to pass laws for the State. The people have endowed those bodies with the power to make the laws, which is a sacred trust and which can not be abrogated or delegated by that body without the consent of the people of the State of Washington, and they can not pass a law authorizing the Legislature of any other State to pass laws for the State of Washington. This is a power which the people of the State of Washington have not delegated to them and this is a power which the Constitution does not give them. But little that is original can be said upon this question and I will therefore call your attention to a few adjudications.

In the case of *State ex rel Rusk v. Budge et al*, 105 N. W. 724, the Supreme Court of North Dakota, passing upon this question, said:

“Under the Constitution all legislative power is vested in a Senate and House of Representatives, and all constitutional provisions are mandatory, unless expressly declared to be otherwise. * * * It is not disputed by anyone that purely legislative functions can not generally be delegated. This is founded on the familiar principle that a delegated power can not be redelegated unless expressly provided in granting the power. The people having delegated the power to legislate to the Legislature, it is incumbent upon it to enforce the will of the people and not delegate it to others. See *Sutherland on Statutory Construction* (2d Ed.) Vol. 1, Sec. 87, and cases cited. ‘One of the settled maxims in constitutional law is that the power conferred upon the Legislature to make laws can not be delegated by that department to any other body or authority. Where the sovereign power of the State has located the authority, there it must be made until the Constitution itself is changed. The power to whose judgment, wisdom and patriotism this high prerogative has been intrusted can not relieve itself of the responsibility by choosing other agencies upon which the power shall

be devolved, nor can it substitute the judgment, wisdom or patriotism of any other body for those to which alone the people have seen fit to confide this sovereign trust.' Cooley's Constitutional Limitations (5th Ed.) p. 139. See also Dowling et al v. Insurance Co., 92 Wis, 63, 65 N. W. 738, 31 L. R. A. 112; O'Neil v. Insurance Co., 166 Pa. 72, 30 Atl. 945; State v. Simons, 32 Minn. 540, 21 N. W. 750; State v. Ashbrook, 154 Mo. 375, 55 S. W. 627, 48 L. R. A. 265, 77 Am. St. Rep. 765."

It has been held in several States that the Standard policy law which delegates to the commissioner the power to prescribe a form of standard policy is unconstitutional. Thus in

Anderson v. Manchester Fire Ins. Co., 59 Minn. 182, 60 N. W. 1095, 63 N. W. 241,

the Minnesota statute delegated to the insurance commissioner and Attorney-General power to prescribe a standard policy and made the use of such form compulsory, was declared invalid as an attempt to delegate legislative power, and thus, notwithstanding the provisions of the statute, "that such forms shall, as near as the same can be made applicable, conform to the type and form of the New York Standard fire insurance policy, so called and known."

In the case of Dowling v. Lanchester Insurance Co., 92 Wis. 63, 65 N. W. 738, the court held that an act requiring the insurance commissioner to prepare a printed form of the contract or policy of insurance, and to be as near as the same can be made applicable to the type and form of the New York Standard policy, was invalid on the ground that the Legislature could not, under the Constitution, delegate to the commissioner the power to prescribe such a form of policy; such power being vested exclusively in the Legislature.

The standard policy law of Pennsylvania was declared unconstitutional in the case of O'Neil v. Am. Fire Ins. Co., 166 Penn. 72, 30 Atl. 943, on grounds similar to those urged in the Wisconsin cases; and so, too, was the standard policy law of South Dakota in Phoenix Ins. Co. v. Perkins, 101 N. W. 1110. If the Legislature could not delegate to a commissioner of insurance or to a commissioner of insurance and an Attorney-General jointly, the power to prepare and prescribe a standard form and make it conform as near as possible to the New York Standard, how can it for one moment be contended that the Legislature of the State of Washington could delegate to the Legislature of the State of New York such a power. As it will be seen, the Leg-

islature of Washington left this vital provision of the law to be automatically changed by the changing of the laws of New York, no matter what changes may be made by the New York Legislature, and regardless of what its effect may be upon the laws of Washington. This, in my opinion, they could not do, any more than they could say that the laws of New York, defining and punishing the crime of murder, as may or may be afterwards constituted, shall be the laws of Washington, and no court would hold that this could be done.

Supposing the Legislature of New York would change its standard form and provide "that any insurance company or its agent who issues a policy of insurance on any form other than that prescribed by this act shall be deemed guilty of a felony," and further provided that such provision shall be incorporated in and become a part of the policy so directed to be issued. Could it be for one moment contended that an agent of an insurance company in Washington could be punished criminally for failure to issue such form as so prescribed by the New York Legislature? This question, it seems to me, can only be answered in the negative.

Here a short discussion of the provisions of the act relating to rates may not be out of place. Section 73 of the act provides, among other things, that before the insurance company shall be entitled to do business in the State of Washington it shall file in the office of the insurance commissioner a copy of its rate schedule "and shall observe such rate schedule, and shall not deviate therefrom in making insurance until amended or corrected rate schedule shall have been filed in the office of the insurance commissioner," and further provides that in lieu thereof it can adopt the advisory rate filed by the rating bureau, by filing notice with the insurance commissioner of the adoption of such advisory rates. Section 7 provides for the organization of rate bureaus, making them public service corporations, allowing them to make rates and advise as to precautions to be taken in order to reduce fire hazards and then provides that "every rate bureau shall, before publishing and furnishing rates, file in the office of the insurance commissioner its rate schedule, and shall not deviate therefrom until amended and corrected rate schedule shall be filed in the office of the insurance commissioner. The services of such rate bureau shall be available, equally and ratably, in proportion to the services rendered, to any and all insurance companies, agents, brokers and property owners. Any person or party who knowingly violates any provision of this or the

proceeding section shall be punished by a fine or not less than \$50 nor more than \$500." And the act provides what is a "surveyor or insurance surveyor." Section Laws, 1911, p. 162.

The intention of this act was to prescribe a uniform rate to be charged to all purchasers of insurance in like situation. These schedules, when filed, become a part of the law, the application of the basic rates being left to surveyors designated in the act. All purchasers of insurance as well as the insurance companies are therefore bound by the schedules filed, and the basic rates thus provided. This act is in principle the same as the interstate commerce act as to the filing of schedules of rates, and requiring both the shipper and the railway company to abide thereby, and in the case of

St. Louis S. W. Ry. Co. v. Spring River Stone Co., 154 S. W. 465 (Mo.)

the court said:

"As said by Commissioner Harlan in *Poor Grain Co. v. R. R., Interst. Com. R. 418*, 'This published rate is as fixed and unalterable as if that particular rate had been set by a special act of Congress.' The published rate is in itself a contract with all the world and can not be changed or modified by the carrier or shipper or both combined. * * * Common carriers shall not give or grant to any shipper any rate other than the established published rate. They shall not do so for any purpose or in any manner. They shall not do so directly or indirectly. They shall not do so by contract, compromise or settlement. They shall not do so by means of any rebate, concession or discrimination. * * * It is no longer a mooted question that the shipper and carrier can not contract for a different rate on an interstate shipment than that prescribed by the schedule filed with the Interstate Commerce Commission, and under the rules and regulations prescribed by it. And it can no longer be contended that it is not the law of the land that a shipper is conclusively presumed to know the schedule of rates * * * even though the carrier fails to post tariffs as required in its various stations." (Citing numerous authorities from the Supreme Court of the United States).

Section 33 of the insurance act of Washington also prohibits rebates in any form; prohibits any insurer from accepting in any form a rebate. This section among other things provides that any insured person or persons shall not receive, directly or indirectly, any rebate of premium or part thereof, or agents', solicitors' or brokers' commissions thereon

payable on the policy, or any other advantage or share in the dividend or other benefits to accrue therein, or any valuable consideration or inducement not specified in the policy contract of insurance. The amount of the insurance wherein the insured has received or accepted, either directly or indirectly, any rebate of premium or commission shall be reduced proportionately as the amount or value of such rebate, commission, dividend or other consideration so received by the insured, bears to the total premium on such policy, and such insured shall be liable, in addition thereto, to a fine of not more than \$200. This provision of the code is practically identical with the provision of the interstate commerce act. Of course, the provision in the act, "not specified in the policy contract of insurance," must refer to the established rates; that is, the established rate must be specified in the policy of insurance, and such established rates can be ascertained by reference to the schedule filed, either by the insurance company or by the rate bureau. If this were not true, an insured could obtain insurance on his property for a premium of \$1 when the schedule requires that he should pay \$3, and say that he was immune from punishment because the policy on its face specified the rate of \$1 as a premium when the schedule as filed would require him to pay \$3. Of course, the provision of the code which intends to establish a uniform rate of premium can not be so lightly evaded. That these provisions bind the insurance company as well as the assured, see

Ark. Lumber Co. v. Wallace, 139 S. W. 534 (Ark.).

But in litigation concerning this question I have heard it contended that there might be several rate bureaus in the State of Washington and that they might make different rates and therefore that the assured was not bound by the schedule filed. In my opinion there is nothing to this contention. The rate filed by the insurance company or the acceptance of the schedule rate filed by the rating bureau is a public document, and notice to the world. The purchaser of insurance can easily ascertain what rate schedule was adopted by the insurance company with whom he insures and can thereby ascertain the rate which the company can charge and which he is required to pay, and he, as well as the insurance company, is prohibited under a penalty from deviating from that rate. These provisions of the code, as has been shown, prohibit a discrimination by the insurance company in favor of the assured in reference to the rates in any manner. It prohibits the insurance company from granting, or the assured from accepting,

any favors in reference to rates that are not given or granted to other insurers in like condition. It is intended to, and does in effect, do away with all characters or kinds of discrimination which in any way gives one assured more favorable rates and terms than that given others. The granting of a rebate or giving of a discrimination to the assured by an insurance company, and its acceptance by the assured, does not, however, vitiate the policy,

Way v. Pacific Lumber & Timber Co., 133 Pac. 595 (Wash.), but renders the insurance company and its agents and the assured liable to the penalties as by the act prescribed, and also reduces the amount that the assured can recover in case of fire in proportion to the amount of discrimination or benefits which he has received.

I have been requested since writing the foregoing to make some comments on section 105½ of the code, being the valued policy provision, and it seems to me that but little can be said touching this section, as its provisions are plain. It in effect provides for a valued policy in case of total loss on real property or any building or structure erected thereon or connected therewith, and in this further modifies section 106 above discussed. The Supreme Court of Washington, passing upon the old code, upheld the valued policy provision and further held that if an assured had an insurable interest in such property at the time of the issuance of the policy, and at the time of the fire, regardless of how small that interest may be, he could recover from the insurance company his total amount of insurance, and this seems to be the settled law of that State.

Section 105½ gives the insurance company the option to rebuild or replace the property lost or destroyed, with other of like kind and quality, on the following conditions, however:

(a) If the insurance company gives notice of its intention to do so within twenty days after the receipt of notice of loss.

(b) If the insurance company shall, within thirty days after the receipt of notice of loss, commence such rebuilding or replacing of the property damaged or destroyed.

(c) And shall thereafter diligently prosecute the same to completion.

(d) And shall pay to the insured the reasonable rental value of the premises with the buildings thereon from the date of loss to the date of such completion.

It can be seen at a glance that this section of the insurance code is a serious one to the insurance companies as far as exercising the right given them thereunder. Under the New York Standard form the assured have the right to "repair, rebuild or replace the property lost or damaged with other of like kind and quality within a reasonable time on giving notice, within thirty days after the receipt of the proof therein required, of its intention so to do." The section of the code under discussion, however, restricts the assured's rights to replace the property damaged or destroyed to thirty days from receipt of notice of loss, regardless of whether the proofs of loss have been furnished or not. If the company wishes, however, to exercise its option, a serious question will always confront it as to when notice of loss is received, so as to gauge the time when notice must be given of election to replace the damaged or destroyed property. As you are aware, many courts have held that either verbal or written notice of damage by fire to the local agent is notice to the company. The agents so receiving the notice are often negligent in passing it on to the company, or the place of fire is in inaccessible regions, but unless this notice to replace the property damaged or destroyed, or the work is commenced within the time required, the company will lose its rights to replace the property damaged or destroyed by fire, and this section also leaves the question open to disputed testimony as to when this notice was given to the company or its local agents. The assured, however, is given sixty days in which to furnish proofs of loss, but the insurance company is required to commence the work of replacing or rebuilding the property damaged or destroyed, within thirty days after the notice of the loss or damage by fire. I believe that in the majority of cases this in effect will take away the right of the insurance company to replace the property. How is it going to determine whether it will exercise its option until the assured has made his claim of the damage he asserts he has sustained, or how is it going to determine whether it will exercise its option until the assured has put in his proofs of loss under oath, giving the company the facts so that it can ascertain whether the conditions of the policy are breached or as to whether it has any liability thereunder. In the vast majority of cases the companies are content to pay the loss sustained rather than replace or rebuild, yet it can not ascertain this fact until it knows what the assured is going to claim as damages, and as I have said, he is given sixty days in which to notify the company of this fact. Yet, if within the sixty days he makes an exorbitant claim,

the insurance company is precluded from making the assured whole by replacing or rebuilding his property damaged or destroyed unless it has exercised its option within the time limited by this section. But if the company cares to exercise this right in advance of the time the assured advises it as to the damage he claims, it must diligently prosecute the work to completion, and if in the progress of the work the assured should take the position that it was not being prosecuted diligently, he can sue the company on his policy for the damage sustained, and notwithstanding the company's election to replace or rebuild, and the work being done by the company, leave the question to the court or jury to determine whether the work was being prosecuted with diligence, and if not the assured could obtain a money judgment against the company, as its right to proceed to the determination of the work, after making an election, depends upon diligence, and this question is one of fact. But in addition to repairing or replacing the property damaged or destroyed, although by so doing the company makes the assured whole, it is still required to pay him a profit during the meantime by giving him not only the rental value of the vacant or damaged property as it was at the date of the fire, but the "reasonable rental value of the premises with the buildings thereon from the date of loss to the date of such completion." If in rebuilding or repairing the property the insurance company should pay out the total amount of the insurance it had agreed to pay the insured in case of loss, it would, in my opinion, still be compelled to assume this additional burden and pay the rent as in this section provided.

The President—We are very much indebted to Mr. Hindman for his excellent paper. He is certainly qualified to speak upon this subject. He has handled many cases for the insurance companies in Washington and successfully too.

As our time is pressing and the hour is getting late we will not be able to discuss these papers as I should like to have done, but we will take up the next paper immediately.

I am pleased to say that we have Prof. O'Neill with us today, from Berkeley, and he will read to you his paper on "Spontaneous Combustion," a subject which is very near and dear to us.

SPONTANEOUS COMBUSTION

Prof. E. O'Neill

University of California



Most of you are familiar with the story of the old farmer from the backwoods who saw at a circus for the first time in his life a hippopotamus and after studying him for some time exclaimed to himself: "There ain't no such animal!"

So I think that after we have studied the subject of my paper for some time we will be able to say: There is no spontaneous combustion. Yet we hear often of the hippopotamus. Some of us probably have seen one, and so we hear more frequently of spontaneous combustion and probably some of the members have not only seen this animal but have had to buy him. But to the chemist, "there ain't no such animal." The hippopotamus is only a variety of the *Sus Domesticus* or common hog, and spontaneous combustion is only a variety of ordinary fire.

Spontaneous combustion is like spontaneous generation. At one time it was thought that life could be started without the presence of some living organism, or cell, but as far as experience goes life is only derived from life. There must be a cause before an effect is produced. What is known as spontaneous combustion is the effect of certain causes and if these causes are not present there can be no combustion, spontaneous or otherwise.

Before taking up the subject of spontaneous combustion in detail it would be desirable to study briefly what is meant by combustion. I think we will be able then to get a clearer idea of what is termed spontaneous combustion.

By combustion is meant the chemical union of two or more bodies with evolution of heat, usually accompanied by a glowing of the combining bodies or a formation of flame.

If the products of combustion evolve a gas you get a flame. If there is no gas the burning bodies glow. To produce fire or combustion three things are necessary: First, a combustible body; second, air;

third, an elevated temperature, called the temperature of ignition. Without all three factors present at the same time there can be no fire. We speak here of combustion in the ordinary sense where the combustible body is some organic substance, such as coal, or wood, or oil. The chemist is familiar with numerous examples of combustion where the combustible bodies are not organic; in fact, practically every known element will burn in air or oxygen under the proper conditions, some very easily, as phosphorus and sulphur; some with more difficulty, for example, iron and copper.

Nor is it necessary that one of the factors in combustion shall be air or oxygen. Many bodies will burn in chlorine or iodine easier than they do in air. Innumerable examples could be instanced where certain chemicals brought together will start a fire. Some will burn when exposed to air or will inflame when brought in contact with water. I believe insurance men class all chemicals as dangerous, and while it is not always true, it might be a safe rule to go by.

Even the third factor, viz., elevated temperature, is not essential. Certain chemical bodies will inflame immediately when brought in contact with air. Their temperature of ignition is below the ordinary temperature. Wood or charcoal will burn in liquid oxygen when the temperature is 350 degrees below zero. At this temperature the products of the combustion, water and carbonic acid, are not in the form of gases but are solids and a mist of solid carbonic acid and ice is formed. If the products are entirely gaseous, particularly if the burning bodies are in liquid or solid form and the combustion be rapid, we get an explosion. The more rapid the combustion and the greater the amount of heat evolved, the greater the force of the explosion.

Gases are very much lighter, bulk for bulk, than solids or liquids. They also expand to a large degree when heated. In ordinary combustion one of the products is water. At the temperature of the explosion this water is in the form of steam. A large bulk of gas is thus suddenly produced, violently pushing out the surrounding particles of air. Immediately after the explosion the hot gases are cooled, the steam condenses to water and the expanded air rushes back into this partial vacuum. This violent expansion and contraction sets the air vibrating with sufficient rapidity to produce a sound which may be very loud if the masses of air moved are large enough, as in the case of exploding several tons of dynamite.

We have learned that the temperature of ignition is variable, but in ordinary cases it is quite high. A piece of wood or coal will not take fire much below 500 or 600 degrees Fahrenheit. Yet an oil-soaked rag in a barrel standing in a room may start to burn. Apparently it was never exposed to any such temperature as 500 degrees, but it actually was. It is a question of accumulation. The natives of the South Sea Islands will rub two sticks together for fifteen minutes or half an hour. The friction produces heat. This heat is accumulated at the point of contact faster than it can be eliminated by radiation and the result is that the temperature will continue to rise at the point of contact until it reaches the required 500 degrees and the shavings ground off will begin to burn. The civilized man performs this task in an easier way. Instead of heating the wood by rubbing, which has a very high igniting point, he heats phosphorus (which has a very low igniting point) somewhere in the neighborhood of 70 degrees Fahrenheit, by rubbing. This temperature can be easily attained with moderate friction. The burning phosphorus reaches a much higher temperature, which may be used to ignite the wood of the match directly, or indirectly, through the medium of some body with an intermediate igniting point, such as sulphur, thus using less of the more expensive phosphorus.

With these preliminary ideas of combustion in mind we can now take up in more detail the subject of spontaneous combustion.

Spontaneous combustion, as its name indicates, means that the fire is started without the direct intervention of man. There are several different types. The most common is the spontaneous combustion of coal. Coal is an organic body. Air always has access to it. The third element, viz., the temperature of ignition, can be furnished in different ways. The coal may contain certain sulphur compounds. These sulphur bodies have a tendency to combine with oxygen. This means increase in temperature, and frequently this increase reaches the temperature of ignition. Then we have the fire. Sometimes the coal contains certain resinous bodies that absorb oxygen. Again elevation of temperature, and again fire, if the heat of ignition is reached. It is perfectly evident that powdered coal has a much larger surface per given weight than lump coal. Hence oxidation is more rapid, hence a quicker elevation of temperature, hence more danger of spontaneous combustion. If finely powdered coal dust be disseminated through the air, we have the condition for an explosion. You are all familiar with examples of serious explosions in coal mines. Perhaps the most disastrous one occurred

in 1906, at Courrieres, in France, one of the great coal mines of the world, employing 8000 men and producing 2,500,000 tons of coal annually. Early in March a fire broke out in one of the veins. It could not be readily extinguished and it was walled up. The heat of the burning coal probably evolved gas that by some means became ignited and in turn exploded the dust-laden atmosphere, destroying a large part of the mine and killing 1100 miners. Many scientific commissions have studied this question, beginning with one in England in 1844, headed by the famous chemist, Faraday. The United States has lately taken up this question under the auspices of the newly created Bureau of Mines. In their bulletin No. 20 is given a description of their experiments and a discussion of the results obtained, together with a good bibliography of the subject.

For a long time it was disputed that an explosion could be produced by dust. It was thought that gases were the only medium for the transmission of explosions, but experiments in England, France, Germany and the United States have proven definitely that dust is even more dangerous than gases. An explosion will not take place in gas unless the mixture of gas and air is a certain proportion. Any great deviation from this proportion prevents combustion, and hence no explosion will take place. In the case of dust, this narrow limit does not hold true. Also as dust is much heavier than gas a greater weight of combustible material is burned with a correspondingly greater volume of gas produced, which means increased violence of explosion.

This explosive character of dust is shown in many instances besides that of coal. Some of the most destructive examples have occurred in flour mills. One of the most disastrous occurred in the great Washburn mills, in Minneapolis, in 1878, where millstones were exclusively used. A spark from a pair of idle millstones set fire to some woodwork, which in time ignited the dust. The terrific explosion that followed absolutely destroyed the mill. The flames ignited the dust in two adjoining mills, which were likewise blown up. An immense amount of property was destroyed and many lives were lost. This accident gave rise to modifications of the milling methods and consequently such explosions are now rare. Any process that produces dust from organic material which is allowed to escape into the air may produce an explosion when the mixture is ignited. Bran, rice, lampblack, coffee, cocoa, lint and many other substances have been the cause of explosions. Vacuum cleaners, particularly those of large size, may be a source of danger.

A curious case of so-called spontaneous combustion was called to my attention some time ago. Certain large air compressors were blown up. It was at first thought to be due to dynamite, as there had been some labor troubles at the mill. Investigation showed it to be due to another cause. The lubricating oil used was of inferior quality. At the high temperature produced in the compressors the oil became decomposed. Lampblack separated out in the form of a fine dust and the temperature being high enough to ignite it, an explosion followed. The violence was increased owing to the fact that the air was under compression.

One of the most common examples of spontaneous combustion of coal is seen on board of ships. Certain kinds of coal containing sulphur bodies or resins are particularly liable to heating. This heating effect is increased by the friction of the coal, produced by the motion of the vessel. If the temperature of ignition is once reached, the fire is very difficult to extinguish, owing to the practical impossibility of reaching the seat of the trouble, and removing the burning portion. Moisture increases the tendency of the sulphur compound to oxidize, which is another source of danger in ships. The prevention, or extinguishment of these fires is very simple theoretically, but often very difficult practically. Theoretically the elimination of one or more of the elements for combustion will prevent or put out a fire. The three elements, viz., a combustible body, oxygen and temperature of ignition must be simultaneously present. The removal of the combustible body can be only accomplished by letting the material burn up. This is not very practical, but occasionally is the only way. The oxygen can be eliminated by keeping the air away. Usually there is enough air in the interstices of the coal to start the combustion and the heat is sufficient to distill off gases that may escape and form an explosive mixture with air, or in the case of ships, with the hatches buttoned down, the evolved gas may generate enough pressure to blow the ship up. One way to prevent the action of the air is to fill the hold with some inert gas, such as nitrogen or carbonic acid. This is not of much use after the fire has started, because the application of those gases must be continued until the whole cargo has been cooled below the point of ignition, and this may require a huge amount of gas. If the temperature of the burning coal be high enough, the carbonic acid itself will be decomposed, forming a combustible gas—carbon monoxide.

Instead of preventing the advent of the air we may reverse this

process and allow large quantities of air to pass through the coal. By means of this ventilation the heat is removed as fast as formed and the temperature of ignition is not reached. We will have two of the elements of combustion, but not the third.

In the case of dust in coal mines, the best procedure is to remove the dust by copious sprinklings with water or with some sticky or hygroscopic liquid that will keep the dust laid. In flour mills various mechanical devices are used to keep the combustible material down, and thus remove one of the elements of combustion.

There is another type of spontaneous combustion that often gives rise to fires; that is, oxidation of certain organic bodies. This oxidation may be direct, as in the case of linseed oil, turpentine, and similar bodies, or indirect through fermentation processes.

Many substances, such as linseed oil, absorb oxygen directly. This absorption of oxygen always produces heat. If this heat reaches the temperature of ignition the material will take fire. Anything which facilitates this oxidation, or prevents the removal of the heat thus produced, will increase the danger of fire. If the oil is spread on cloth or paper the surface exposed to the air is greatly increased, oxidation is more rapid and the temperature of ignition will soon be reached. If, in addition, the rags are in a closed box, radiation of the produced heat is prevented and the temperature of ignition is reached so much the sooner.

Exactly the same condition of things is present in fermenting organic bodies, except that the absorption of oxygen is indirect, being effected through the agency of bacteria. Hay, grain, sawdust, shavings, in fact any organic body that will serve as a post for the growth of these bacteria, may be spontaneously ignited. The same factors, viz., combustible body, oxygen and temperature of ignition must be present to start the fire. Eliminate one or more and there will be no trouble.

A curious example of what was thought to be a case of spontaneous combustion of this type was called to my attention some time ago. The Santa Fe Railroad is built for several miles across the delta of the San Joaquin. The roadbed is made of peat thrown up from the right-of-way. Fires would start in this peat, would smolder for a long time and leave the roadbed a mass of ashes. It was thought to be a case of spontaneous combustion, analogous to hay fires, which are true examples of spontaneous combustion. Upon examination of the conditions, however, it was found that the fires nearly all started on the leeward

side of the tracks. There was no reason for this fact on the fermentation theory, but there was a reason when you considered that windows are usually opened on the lee side and men frequently throw lighted cigar stumps out of the windows. These fall on the dry peat, which burns like tinder, and a smoldering fire results. I suggested that they cover the roadbed with gravel, thus protecting the peat. This was done and there have been no fires since.

We might cite instance after instance of cases of spontaneous combustion, but the limits of this paper preclude mention of them all.

One example about which there is considerable dispute might merit a few words, although I do not believe your body is interested in life insurance. The question is, whether it is possible to have a spontaneous combustion of the human body. There are various circumstantial accounts, some going back hundreds of years, but there have been such cases. The victim is usually described as a heavy drinker, and when he does take fire he burns up in bluish flames. The probabilities are that no such complete destruction takes place. There is too much water in the human body. It would be perfectly possible for a man's breath to ignite after prolonged drinking of strong alcoholic liquor, and this flame would produce death and perhaps the charring of some tissues, but the complete annihilation of the body seems apocryphal. Partial drying up of the tissues will enable bacteria to develop and in time they will destroy the body. All forms of decay are examples of spontaneous combustion. Leaves, grass, bodies of animals exposed to the air gradually disappear. They burn up. If it were not for this fact the dead organic matter would soon surround and engulf the living body. The leaves falling from the trees in a forest would accumulate faster than the trees could grow. They would die from their own excreta. Spontaneous combustion is the salvation of animal and vegetable life.

The substance of this paper may be summed up as follows: Spontaneous combustion ensues when the three factors, viz., combustible body, air and temperature of ignition, are in proper relation to each other. Eliminate one of these factors and there will be no combustion, either spontaneous or otherwise.

The President—This is a most interesting paper by Prof. O'Neill. Would you like to ask him any questions? If not we will pass to the next paper, on the "Theory of Lines," by Mr. W. H. Gibbons.

THE THEORY OF LINES**W. H. Gibbons**

Supt. Agencies Edward Brown & Sons



The theory of lines is a most baffling subject, with neither beginning or ending. Whichever way we turn we are sure to find examples apparently upsetting every line of reasoning put forth. We find successful companies writing large lines; we find other successful companies writing small lines, and in face of these successes who is to say that either system is wrong? Yet there must be some sound theory upon which lines may be based, or success would not be attainable, neither would the mortality rate among fire insurance companies be so high.

The nearest approach to any tangible theory on the subject is a vague idea that lines should be so graduated that no one loss can entirely consume the premiums of its class. But this measure is more preventive than constructive, and something to build upon is what we are seeking.

The one great vice and controlling influence in our business is expediency, to which principles and good judgment are too often sacrificed. Given a certain premium income, to be shared by a lot of hungry companies, there is bound to be a scramble, and in the scramble many times expediency becomes a necessity, and principles must be relaxed; for, while we can influence an agent's activities, we may not direct them, and so must make the best of what he sends.

During the early history of fire insurance, but little attention was paid to limiting either individual or collective liability. Indeed, up to 1810 the English companies had no limits whatever, for it is recorded in their centenary booklet that the Atlas carried £20,000 on a dwelling, £30,000 on a store, £60,000 on a warehouse, and £40,000 on a cotton mill, "said to be divided into four risks." Such amounts were accepted by all companies at that time, and as some of those companies are still in existence, it may be reasonably supposed that it was not their own experiences which changed their practices. Be that as it may, whether through experience or fear, more reasonable lines came to be written and liability shared.

What the early practices in this country were, I have not been able to ascertain, though it would appear that in the past comparatively small lines have been carried, with a present tendency toward heavy increases. But American insurance history does not serve us satisfactorily in our investigations, for the pioneers in writing what were then called "jumbo lines" failed, or were badly hit, and company after company writing moderate lines was compelled to give up the struggle in spite of its caution.

In an effort to find a reason for this seeming inconsistency, relating in some way to the theory of lines, it must be borne in mind that the life of a company depends wholly upon its underwriting activities. Dividends must, of course, come from interest earnings, but the premium income must take care of losses, expenses, reserves and surplus, otherwise stockholders might better retire their company and seek investments not so liable to disappear over night. Conceding this point, it must follow that the companies that have retired were unfortunate in their choice of lines; something wrong, either in size, or quality or both. That large lines can be profitably written we have examples every day; that poor business, in restricted quantities, can be assimilated we also know, for what company can say that it has no risk on its books it does not want? We naturally infer, then, that most retirements are due to the two causes: poor selection, and illy constructed line sheets. This brings us down to a principle which every successful company has unconsciously applied in making up its lines, and one which seems to me a very safe, if not exact, rule to follow.

We have heard the question asked, "If the line sheet says \$5000 why should we write but \$2500?" We have also heard it said that if a risk is not good for a full line, it should not be written. The question demonstrates the principle; the statement violates it, as will be shown.

All lines must be based upon averages, and must be uniform, the two qualities being dependent one upon the other. But if lines are to be uniform, upon what should that uniformity be predicated? Surely not upon premium, for the premium is but a detail; nor upon policy amounts, for they do not indicate anything definite; therefore, we have left to us as a basis, the actual loss paid per risk of each class. Following this theory, then suppose that a company should set its figure at \$2500 as the amount it would be willing to lose upon any one risk; on an unprotected frame store—which would likely prove a total loss—the line would be \$2500; on a risk which would probably result in a 50 per cent

loss, the line would be \$5000, but on a building which would commonly cost the insurance companies but 10 per cent of the insurance, the line should be ten times \$2500 or \$25,000; hence, the reason for carrying only a partial line on a poorly constructed building, any loss thereon would upset the average loss and disturb the uniformity.

It may well be objected that difficulty would be met in forecasting with any accuracy what loss a risk might suffer; co-insurance and a dozen other features would all affect the loss to insurance, but that is where underwriting experience would be of service. A table of classifications could be made up, and deductions made therefrom as to what the expectancy might be, but the figures would be no more conclusive in detail than those of other classifications. They would no more show the exact loss to be expected than our present classifications show whether a skylight should cost two cents in the rate, or ten, or whether an assured should have 1 per cent off of his rate for a watchman, or 20 per cent, or whether under a long schedule the rate should be .7326 or .7236. Possibly some actuary could produce a formula which would be exact, but as he would not be able to apply his formula, and we should not be able to understand it, it might be of doubtful value. Our reliance must be upon a combination of theory and experience, and the one who can best combine the two is the one who will produce the best results.

In practice this theory should work out well-balanced lines, the quality of which must, of course, receive proper consideration; and herein probably lies the reason why so many companies have been compelled to discontinue. Their lines did not properly distinguish between hazards. It is easy to get all one cares to carry on less desirable risks. Doubtless, if effort were made, it would be no trouble at all for a company to secure \$10,000 each on a majority of the sawmills in the Northwest, but disaster would certainly follow. By the same token a company must not write lines of equal size on all classes, but must make decided distinctions; otherwise liability will pile up on undesirable business, and good business go to the companies expressing in their line sheets a desire for it.

It is this very feature of writing large lines which seems to make companies, and yet which may break them. From a very interesting table recently published by the Rough Notes Company, it is shown that of the fire insurance companies which have survived the past thirty-five years, there has been a great shifting about in the relative order of size. Companies which were together in 1878 are far apart in 1913, and in almost every instance it is the small carriers who have been outstripped in the

race. And yet it does not follow that merely because a company has feared to play with fate it can be charged with failure; a large business means great responsibilities. We are accustomed to look to the premiums to take care of financial requirements, and to regard the surplus as an emergency fund. There can be no doubt of the soundness of this view, but in the past there has always been a time in the history of every company writing large lines, when disaster could readily overtake it if such incidents as the San Francisco and Baltimore fires had happened before a long enough period had passed during which their surpluses could be built up. The small-line companies have followed an even gait, paid their regular dividends and have grown, slowly, but have rarely been in a situation of danger.

It is true that most of the companies that have retired have been small carriers, but they were also small in size. Like the human who has trouble in passing the teething stage, and later, when still small, is picked upon by larger humans, has his hair cut at home and wears his seniors' outgrown or cast-off clothes, the young insurance company has a hard time of it. They, too, must exist on left-overs until they grow up to a size where they can demand recognition as a matter of right. But by that time a company will have reached a stage where not only will its own lines be increased, but it will be able to offer inducements for a treaty. And now we come to a peculiar phase of our business.

Treaty companies came into existence as a means of regulating, through re-insurance, excess lines. Naturally, most of the business so secured is on targets, special hazards and in congested districts, with comparatively few preferred risks, because of the low rate of commission allowed. It would be supposed then that companies doing a re-insurance business solely would be peculiarly susceptible in case of large conflagrations; but examining such figures as are at our disposal, what do we find? From the published charts showing the standing of the various insurance companies doing business in the United States, we find that in 1903 five confined themselves solely to re-insurance. These five companies during a period of ten years, from 1903 to 1912, inclusive, made memorable by the Baltimore and San Francisco conflagrations, remitted to their head offices the sum of \$7,080,000, receiving in return \$1,770,000, at the same time increasing their assets from \$6,990,000 to \$13,800,000. These figures show a gain of \$6,810,000 in assets, and a profit of \$5,310,000 on a premium income of \$90,220,000, to which must be added interest earnings of \$3,500,000. During the last five years eight treaties in a normal

time received \$280,000, remitted \$7,310,000 and increased their assets \$6,400,000 on a premium income of \$83,900,000, and interest earnings of \$3,400,000. If these figures accurately reflect the transactions of these companies, the conflagration hazard (whose ghost alarmed us all in 1907, but whose ghost has apparently been laid, if the extraordinary increase in underwriters' agencies means anything) can be taken care of, though all spendthrift companies can not telegraph home for money as these foreign re-insurers can do.

These figures would seem not to have a direct bearing on any theory of lines, but they have, and a very important one at that. The primary object of the management of an insurance company is to write all the business they can get and carry with safety and with profit, and here these re-insurers are taking a lot of premiums which could be turned to advantage. It is true that the treaty companies do their business at a low expense ratio, but, even so, they are not in as advantageous position as the direct company. All cessions to a treaty are portions of policies, which, if retained in full, would have no charges against them but commission, taxes and expenses of a similar character, all of which the treaty must pay, and to which must be added an over-riding commission, clerk hire and expenses.

From what we have before us, it would seem that large lines have a direct bearing, not only upon the expense ratio, but upon the loss ratio as well, but they must be approached with caution and due regard paid to individual circumstances. We must further recognize the fact that almost no company is in position to accept or reject business at will, but must make the most of what the agents choose to send. Nevertheless, it is possible to make up a set of rules which would seem to get the best out of opportunities.

The first thing to bear in mind is that whatever lines may be adopted, the aim must be to secure the greatest amount of premiums with the least hazard from collective liability.

Lines must be consistent, and based more upon loss payments than upon the amounts carried. Premium income should be the controlling feature here.

Lines should be increased through the medium of a treaty. By so doing there can be undertaken a process of doubling up, and once a representative business has been given the treaty, the profitable classes can be picked out and uniform increases made in the line sheet by retaining more on risks in these classes. Undoubtedly this is the safest plan to follow, for a company can at once secure increases without waiting for

agents to catch up with the advanced figures, which would otherwise be necessary.

It may not be out of place to offer some comments upon the relative values of the two plans whereby additional liability is assumed by some companies; the excess amount and the underwriter's agency. Rather than pay premiums to a treaty, some companies retain the liability for themselves, keeping a record of the premiums and losses thereunder in an "excess account." The underwriter's agency may be considered a sufficiently familiar institution, with prospects of greater familiarity as each month passes, so description would hardly be worth while. Without having access to figures bearing upon the subject, the conclusion would be that the liability ceded to an excess is more susceptible to regulation than that taken in by an underwriter's agency, with the expense account in favor of the excess, the difference being all of 15 per cent of the premium income. It must also be considered that on this Coast the loss ratio to the treaties has been less than that of the direct companies. What relative conflagration liability may have to be undertaken under the different plans I do not know, but it is certain that the "underwriter" will get a full assortment of targets, paying the full price therefor, as well as for whatever preferred business it may get.

Insurance to value must always be a factor in regulating lines, or many times all calculations will be upset, especially if probable loss claims are to govern the making of lines.

Above all things uniformity and consistency must rule and not be sacrificed to expediency. So strongly do these important qualities appeal, that, like Mr. Addison in his "Spectator," a vision has come to me, which may be of interest to you.

Passing one Saturday afternoon through the financial district of one of our great cities, I chanced upon a large, well-appointed office, and being interested in the institutions of my country, I thought to satisfy my curiosity by entering the office to enquire the nature of the business transacted therein. To my surprise the place was deserted, though it was not quite 1:00 o'clock, and, furthermore, an appearance of disorder indicated that the occupants had left in great haste, as though frightened away by impending disaster. With wonderment I wandered by the various desks, hoping to find the cause of the condition I had met, but could find nothing on the desks but golf scores, baseball records and matinee programs. It came to me later in my wanderings that I was in a fire insurance office, which must recently have been a scene of great activity, except in one

corner, where an apparent quiet was restful to my senses. Here I found many books containing many figures, one of them marked "Classifications." I made bold to touch, and was immediately seized with a drowsiness I could not withstand, but fell into a profound slumber, during which my ideas took form and passed before me.

There seemed to be a man named Fire Insurance, who wore rose-colored spectacles, and who dwelt in a fair mansion with his daughters reviewing before me the growth to maturity of this ill-assorted family. Expediency, from an unassuming, comely maid, had grown into an over-fed, over-dressed, bustling person, whose activity seemed to bring her into every one's way, and whose principal business was to interfere with good intentions wherever she found them. Consistency, on the other hand, had faded away, as a neglected child will, for the father had been partial and had given food which should have gone to Consistency, to her sister. The singular part of his partiality was the way he attempted to delude himself. Dimly seen through his rosy spectacles Expediency did not seem the rake she was, yet he knew that she was not considered quite respectable, and while lavishing upon her all of his attention, endeavored to present the useful and correct Consistency as his only daughter. But in spite of his efforts the guests that came to his house were mostly of Expediency's choosing, and a motley, profitless company they seemed to be. This condition did not long continue. Faint rumblings heard in the distance grew disconcertingly loud, and resolved themselves into thunderous knockings at the door, frightening the spectacles from the father's nose, so that his daughters were known to him in their true forms before opening. Consistency was dutifully present for any emergency, but Expediency was shown to be more false than she was fair; her beautiful figure was padded, neither her hair nor teeth were her own, and her complexion most unskillfully made up. The poor father, when he had recovered from the shock, attempted to hold his door closed, but was unequal to the task. Capitulating with his most ingratiating manner, he opened the door to a company of spectres of most horrid aspect: Here a creature with a siren voice and weak legs, luring off many serviceable friends; there a huge form brandishing a big club; and other creatures there were, all making a great din, above which could be heard the clank of waiting fetters, while in the distance could be seen, running as if for his life, a man with his arms full of money-bags. Terrified beyond measure, the father hardly knew which way to turn, but dispatched Consistency after the money-bags, to secure help, if possible, then turned to Ex-

pediency exclaiming, "If you have ever had anything to you, put it to use now or we are lost."

What came of the old man's perplexities I know not, for just then the janitor of the office woke me up and routed me out, wondering why I had chosen so dusty a corner to sleep in. "But I don't know," said he, "the boys get there only once a year, and the boss don't get there at all, so I guess you did pick a good place all right. Say, but the chaps that work on them statistics books don't know much about what's in 'em."

The President—This is certainly a most valuable and well written paper by Mr. Gibbons. It is to be regretted that time precludes discussion, as the subject and the paper is entitled to our most serious consideration. It is one of the most comprehensive articles ever written upon that very important subject.

The next paper is a most interesting one. It is entitled "Motor Boat Adjustments Where Fire and Marine Policies Contribute," by Mr. J. Hunter Harrison.

MOTOR-BOAT ADJUSTMENTS WHERE FIRE AND MARINE POLICIES CONTRIBUTE

J. Hunter Harrison

Manager Marine Department Ins. Co. North America



When your president requested me to write an article to be read before this association I consented all too willingly, realizing to the fullest extent the honor conferred.

In my efforts to produce an article worthy of the occasion, I soon found that willingness and ability were not one and the same thing, and I was unpleasantly reminded of an incident that happened some years ago on a Southern Pacific local. I was seated in the smoker, and at one of the numerous stopping places an individual, much the worse for wear, entered

the car and with the unmistakable gait of a tippler, shambling into the seat in front of me, and when the train pulled into Newark he turned around and said:

"Young man, do you know what station this is?" Receiving no reply he raised his voice and repeated: "Young man, I asked you if you knew what station this is." Answer: "I do not."

After a few moments he again turned and said: "Young man, do you know how long we stop here?" Answer: "I do not."

Again after a short interval: "Young man, do you know if I have time to get a drink here?" Answer: "I do not."

He waited until the train had pulled out of the station before again addressing me. "Young man, do you know the meaning of the word 'transmogrification.'" Answer: "I do not."

"Young man, it strikes me you know damn little."

I have been forced to somewhat the same conclusion. This article is, therefore, of necessity short.

An article on motor boat losses, where fire and marine policies contribute, is necessarily limited to losses caused by "fire," and is further limited by the fact that fully 90 per cent of losses on gasoline boats caused by fire are total losses; therefore, the subsequent proceedings on but a small proportion of the losses are either interesting or involved.

The initial cause of more than 75 per cent of these fire losses is from the back-firing of the engine, which drives a flame out of the engine by way of the carburetor and sets fire to the gasoline in the bottom of that device, or fires the gas in the atmosphere at the base of the engine. The final cause is fear of an explosion on the part of the master and crew, causing them to desert the ship, leaving the fire fiend in supreme command.

When gasoline engines reach a higher state of perfection and the back-firing habit is eliminated, one cause of so many losses will be removed. The Diesel engine is a step in the right direction, and other manufacturers are overcoming, to some extent, the serious results of back-firing by using closed bases for their engines and by using carburetors constructed with an upright valve between the mixing chambers and pipes leading to the cylinders, which valve, working by suction, closes tight when downward pressure is exerted by back-firing, which also opens a side vent permitting the gas to pass into a curved pipe perforated at its upper end, which is considerably above the base and supposedly above the gas-laden air. When these improvements become more common, and when the master and crew become imbued with more confidence in the engine and its habits and will remain by the ship long

enough to make at least one earnest effort to stay the flames, the proportion of total losses will become less. With the advent of a larger proportion of "partial losses" there will arise many perplexing problems incident to adjustments under contracts which are non-concurrent.

THE CONTRACT.—The motor-boat policy (as are all marine policies) is a valued contract, the value of the property to be insured being agreed upon at the time of the issuance of the policy, and the agreed amount made a part of the contract, the assured becoming a co-insurer to the extent of the difference between the amount of the insurance and the agreed value. The policy is also written with an "average" or franchise; in other words, the loss must amount to a certain specified proportion of the agreed value before it becomes a claim under the policy.

The fire policy, as you are well aware, is not a valued contract, the value of the property insured being determined more or less accurately after the loss, and attaches, no matter how small the loss.

ABANDONMENT.—The motor-boat policy permits of abandonment of the property insured to the underwriters if the estimated damage exceeds 50 per cent of the value. The fire policy does not permit of abandonment under any conditions.

CONTRIBUTION.—All fire policies contain the following clause:

"This company shall not be liable for a greater proportion of any loss than the amount insured bears to the entire insurance."

Notwithstanding this clause in the fire policies, some of the marine managers have expressed the opinion that the "fire policy, being specific insurance, should be exhausted before the marine policy contributes." This opinion is undoubtedly only a question of the "wish being father to the thought" and is not based on any tangible or legal reasoning. The two contracts, therefore, contribute to the loss as follows: The marine policy, as the amount of the policy bears to the agreed value, and the fire policy, as the amount of the policy bears to the whole insurance. Providing the loss is of sufficient amount to be in excess of the stipulated average in the marine policy—otherwise the fire policy must pay the entire loss. The marine policy is not "other insurance," unless the loss reaches a figure where it would attach.

APPORTIONMENT.—The fire policy, having paid its proper proportion of the loss, can not be further called upon to meet any deficiency occasioned by the co-insurance feature of the marine policy. The authorities for this statement are—two decisions—one by the Supreme Court of Wisconsin in an action entitled *Stephenson vs. Agricultural*, 116 Wis.

277, 93 N. W. 19, and one by the New York Court of Appeals in an action entitled *Farmers' Feed Company vs. Scottish Union & National*, 173 N. Y. 241, 65 N. L. 1105.

In brief, these cases were to recover under policies not containing a co-insurance clause, the deficiency caused by the failure of the assureds to comply with the terms of the co-insurance clause contained in other policies involved in the same fire. Both decisions were to the effect "that the contribution clause in the policies limited the liability, and that no further liability existed by reason of the assureds' non-compliance with the terms and conditions of a co-insurance clause contained in another set of policies."

VALUES.—The value as expressed in the marine policy can not be taken by the fire adjuster as being the physical value of the boat; this value is, as the policy states, "an agreed value for the purpose of this insurance," and may or may not be a correct valuation. The total amount of insurance under the two contracts might exceed the stipulated value as given in the marine policy, and yet the boat might not be over-insured.

As an example, the gasoline yacht "Osprey," was insured under a motor-boat policy for \$5000 with an agreed valuation of \$10,000, notwithstanding the owner and the company's surveyor stated that the physical value of the boat was \$15,000. Therefore, \$5000 additional fire insurance might have been carried without there having been created the fire man's "bug-a-boo," a moral hazard. This arbitrary reduction of the value of this boat had the effect, in event of a partial loss, of increasing the recoverable amount by one-third, and is a second-hand method of cutting rates.

METHOD.—The fire companies adjust their losses on an "estimate of the damage sustained." The marine companies adjust theirs when the repairs have actually been made and cost definitely determined, and if the loss be small or there are no conflicting interests the company's surveyor settles the loss without the formality of an adjustment; but if there be general average as well as particular average to be considered, and the liability of various interests to be apportioned, the services of an average adjuster are required.

THE ADJUSTER.—The province of a marine or average adjuster, as he is technically termed, and that of a fire adjuster differ widely. The fire adjuster represents the company only, while the marine adjuster represents both the company and assured, and his functions are ex-

pressed very clearly in Rule No. 5 of the Rules of Adjusting Losses, which reads as follows:

"The traditional and necessary attitude of an adjuster is that of a referee and not of an attorney or advocate. It is his duty in all cases to act with strict impartiality between the insurers and insured, regardless of favor toward friend or employer, and intent solely upon the legal and clerical accuracy of his calculations."

PARTIAL LOSSES.—The fire policy is reduced by the amount of the payment in event of a partial loss; the motor-boat policy remains in full force and effect. For this reason the marine companies do not leave the making of repairs to the discretion of the owner, but insist that they be properly done and the boat made perfectly seaworthy before closing the loss and permitting the boat to go to sea.

The different methods of procedure and the different results obtained are very clearly shown in the adjustment of the loss on the gasoline schooner "Rosine." This boat was insured under a motor-boat policy for \$4500, with an agreed valuation of \$8850, and with a 5 per cent average (making it necessary for the loss to amount to \$422.50 before the policy would attach). The boat was also insured under a fire policy for \$3500. She took fire in her forward hold and sustained considerable damage.

The fire adjuster, after obtaining several bids from ship-building concerns, settled the loss, on behalf of the fire company, on a basis of \$573, using the \$4500 policy of the marine company as contributing insurance. The fire company's proportion of the loss was \$250.69, and if the marine company had accepted the adjustment the apportionment would have been as follows:

Fire company	\$250.69
Marine company	291.34
Owner	30.97
	\$573.00

The marine company did not follow the fire adjustment, but through its surveyor requested the owners to "kindly advise when they were ready to make repairs." The surveyor was advised that "all necessary" repairs had been made, and when the bills were presented it developed that the cost had not exceeded \$225, which, being considerably less than 5 per cent of the agreed value, the policy did not attach. The

owners claimed that having sustained a loss, whether they made "temporary or permanent repairs," they were entitled to recover. They were advised that their contention was not based on marine law or marine procedure, that the boat, being in her home port and not in any immediate danger, there was no necessity for temporary repairs, and they had no right to make them, and if the repairs were permanent the cost did not amount to a claim under their contract.

I do not mean to infer that in this particular case the fire adjuster was unduly liberal, for that was not the case; the owners did not repair the boat with "like kind and quantity," but did as the small boy does when washing his face—"gave it a lick and a promise." But, bearing in mind the fact that the marine policy is not contributing insurance until it attaches, you will readily see that the fire adjuster might have been satisfied to accept the highest of the bids in preference to the lowest if that bid was sufficient to make the marine policy contribute and the lowest bid was for such an amount that the marine policy would not attach. The assured, reversing the usual order of things, might have been more than satisfied to accept the lowest bid and thus collect his entire loss from the fire company.

Following this loss a little further, and presuming that the owners had elected to make proper repairs and that they had been made under the careful supervision of the marine surveyor, and that the cost had not amounted to a claim under the marine policy, but was in excess of the amount collected from the fire company, the assured would not have received an equitable adjustment. But having accepted the fire adjuster's figures and his apportionment, and having signed the proofs of loss, he would not be in a position to demand a re-opening of the loss, in fact, would have no recourse.

Fire adjusters sometimes agree with the assured as to the amount of loss under an "adjuster's agreement," leaving the apportionment to be determined later. As this agreement is not subject to change as to the amount of the loss if the actual cost of repairs exceeded the amount specified in the "agreement," the company would have a dissatisfied claimant. Therefore, this method would not be a satisfactory one in adjusting motor-boat losses.

The assured might decline to take up the loss at all with the fire adjuster until repairs were made, and the cost definitely determined, but in doing this he might lose his right under the fire policy.

As the marine adjuster knows little about the fire contract, and the fire adjuster knows but little more regarding the marine contract, if both the fire and marine companies are to continue writing this class it will be necessary to create a "composite adjuster," in whose hands the interests of all can be safely entrusted.

The loss on the gasoline schooner "Hughes" was adjusted along different lines. The marine company took the initiative and the fire company awaited results. The companies interested received telegraphic advice that the "Hughes" was a total loss, caused by explosion, immediately followed by fire, and had been abandoned at sea. This information was later confirmed by letter in which the owners tendered to the marine company "an abandonment." Meanwhile the marine company had wired Lloyd's surveyor at Prince Rupert, advising him of the reported loss and requesting him to save the boat, if it were possible. In due time he reported that he had found the boat beached on Steaphens Island and had towed her into Prince Rupert, and that in his opinion the cost of repairs would not exceed \$2300, which, being less than 50 per cent of the value, the marine company was in position to decline the offer of abandonment, which was done, and the owners were instructed to make arrangements to make repairs. After careful consideration of the cost of repairs at Prince Rupert or Ketchikan it was decided, for the best interests of all concerned, to tow the boat to Vancouver.

When the boat was safely docked at Vancouver the fire company, through their adjuster, took cognizance of the loss. The marine surveyor, after a very thorough survey, concluded that the damage was of such an amount that if the owners again tendered abandonment the company would be compelled to accept, so he suggested to the fire adjuster that if the loss could be compromised on the basis of \$4000 it would be the wisest course to pursue. The fire adjuster agreed with him and the owners accepted the offer. To this amount was added \$632.86, the cost of salving the boat and towing her to Prince Rupert, thence to Vancouver, making a total loss of \$4632.86 to be apportioned. The fire adjuster took the stand that under the fire policy there existed no liability for this expense and declined to contribute. Under the "sue and labor" clause of the motor-boat policy the marine company's liability for its proportion was established.

As the question of the fire policy's contributing was one entirely between the assured and the fire company (the marine company's con-

tribution not being in any way affected), the assured, being desirous of closing the loss, did not press the point. But, considering it would have been impossible to have reached an equitable adjustment where the boat lay, and that the boat would undoubtedly have been a total loss if she had been allowed to remain there, and that also if the cost of repairs at Prince Rupert had been taken as "the measure of damage," the loss to all the companies would have been far greater than at Vancouver, it would seem that more exact justice would have been done if the fire companies had contributed their share of the expenses incurred in reducing the amount of their loss, but they did not, and the following is a copy of the apportionment sheet:

GASOLINE SCHOONER "HUGHES"

Marine company	\$4500.00	Value.....	\$8850.00
Fire companies	3500.00		
Loss as compromised.....			\$4000.00
Salving expense and towing			632.86
			\$4632.86

APPORTIONMENT

Marine	\$2355.70
Fire companies	1750.00
Owners	527.16
	\$4632.86

If the owners had declined the compromise offer it would have been necessary for the fire companies to have reached a settlement independent of the marine company. The marine company would have paid a total loss under their policy and in addition their proportion of the expense before mentioned. The boat would have then been sold at public auction to the highest bidder and the amount obtained divided proportionately between the owners and the company.

The fire companies writing gasoline boats have, without exception, lost money. One company, in an effort to reduce its losses, placed a warranty on their policy that their liability was limited to the amount their policy bore to the agreed value as expressed in any marine policy

covering the same property, but as this did not materially alter results the company ceased writing the class.

The marine companies have made some money simply because they obtain a rate for other hazards than that of the fire hazard, and their experience with the other hazards has been favorable enough to a little more than offset the fire losses. It would, therefore, appear to be wisdom on the part of the fire companies to remain ashore where they belong and leave the "things that float" to the marine companies.

The President—That is a very valuable paper by Mr. Harrison.

Mr. Sexton—I was very much interested in that paper. It is one of the best we have had. Being mixed up with fire and marine we landmen are not able to discuss it. It shows what the new young man can do. It contains a great deal of valuable information that we old fellows know nothing about. I hope that the Association will take in a few more of these young men who have new ideas and can tell us something.

The President—The next paper is "Rate Wars and the Remedy," by Mr. F. C. H. Robins.

RATE WARS AND THE REMEDY**F. C. H. Robins**

Metropolitan Manager Northern Assurance Co.



Toward the close of last year, when your President honored me with an invitation to read a paper before this meeting and extended me the further courtesy of choosing my own subject, it so happened that the subject of rate wars was brought to my mind by hearing discussions of the Visalia situation, and the aftermath and general results of the fierce little battle that raged in Visalia three years ago seems to me to demonstrate once more, that no permanent gain or improvement in conditions is ever achieved by opening rates.

In the Visalia situation, rate cutting by non-Board companies brought on a general rate war in the town, whereby 90 per cent of the business was rewritten at ridiculous rates by Board companies competing with each other, and at the finish of the fight, 90 per cent of the business of the town was on the books of Board companies, a majority of the non-Board companies and some of the Board companies having refused to engage in the fight, making the usual announcement that they did not care to write business for nothing. As it was not essential to the companies' welfare that they engage in an expensive rate war, I take it that they listened to the appeal of their agents to protect and hold their business.

At this time, three years later, we find that there are some of the agencies representing Board and non-Board companies, which took no part in the so-called protecting of the agents' business, when the fight waxed warm and policies were written for a song, that are now securing a share of the agents' business without having engaged in the rate war.

On a small scale, is not this a sample of the results which followed our last general rate war on the Pacific Coast, which started in January, 1895, and lasted until late in 1896? While we are a long way from the extreme demoralization which extended over the Pacific Coast field in 1895, finally causing the opening of rates as a corrective measure,

the danger of a recurrence is ever present. We naturally looked for and expected excellent results and benefits to the business to follow the very expensive so-called purifying of the atmosphere in 1895 and 1896. I have never met a company manager, nor have been able to find an agent, who went through that experience, who wants to repeat it.

For three years after the restoration of rates the agents experienced the hardship of trying to renew business at new rates from two to three times the figures charged during the rate war. No one ever supplied a reason for raising a dwelling rate back from 20c to 1 per cent that satisfied an assured. The assured was naturally loath to let go of what he deemed a good thing, so, when quoted the restored rates, he usually shopped around, and if for no other reason, than to show his dissatisfaction, he shifted his business to another agent.

During this rate war, rates of commission went up: 25 per cent flat was paid for cut rate business—even 40 per cent for full rate grain business. Within six months after the restoration of rates, along came the usual fleet of Board and non-Board companies which had retired from the field during the rate war, and the non-Board field man often put to the agent this query: If the Board companies could pay you a high commission for cut rate business, why should you now accept a lower commission for full rates? Rates are now restored and we will pay you an excess commission. The result was that many agents accepted the proposition.

It may be taken for granted that neither the company nor the agent that engages in a rate war derive any final benefit. There will always be companies outside of the organization that seek the public favor with the plea that they are independent, and there will always be those within the ranks of the association that clamor for retribution for every risk lost, whether to a company inside or outside of the association.

I think that much good could be done by changing the mode of defense. The so-called cleaning up by rate war of the non-Board companies engaged in demoralizing the business, results in nearly every instance, that the companies that do the cleaning up bear the heavy burden, and when peace is restored, the non-Board company returns to the field and gradually acquires its share of business.

Let us assume that an experienced agent, with a knowledge of companies and their methods, is about to open an agency in a town of, say, thirty or forty thousand population, he casts his eye over the list of the fifteen or twenty well known leaders in the business; he sees perhaps two or three non-Board companies that, so far as financial

responsibility goes, are acceptable; but he expects to write a general line of business, requiring liberal lines, forms and underwriting.

Under these conditions would this agent select the non-Board companies to start with? He could, but the average agent does not. More likely he opens his agency with perhaps half a dozen of the old Board stand-bys; he runs along may be a year or more; special hazard lines are well written up; he begins to lose a risk now and then to a non-Board company; perhaps he thinks one of his Board competitors has put "one over on him," when along comes a good-sized non-Board company. Naturally, they want to get into his good agency, and they want to be good, they want the proper rate quite badly, they do not want to pay any excess commission—not quite so badly. If the agent does not take them in, they will go to some rank outsider and they will accidentally cut the rates, because they do not know what the rates are, and they will have to pay the other man a little excess commission to get even with the Board agent for not taking them in. The agent has a perfect right to take in that company, but if he does, it is time for the Board companies to watch their classification; if they have not kept watch before, they will need to from now on.

They were chosen in the first place because they would carry a general classification; they should see that they continue to get it. The agent has a right to choose which he shall represent. He should never be told the Board won't let him take a non-Board company. If he wishes to represent the non-Board company which accepts only very largely preferred business, then he must expect to lose the agency of the companies which write his general classification, because they have earned the right to receive the preferred business which he is now contemplating giving to the non-Board company.

This illustration of the importance of classification should not be considered as purely between Board and non-Board companies. The same situation frequently confronts us where there are only Board companies in the agency. Should the liberal writing agency-building company carry all of the general class and permit another company to remain alongside of it in the same agency and skim the cream? Certainly not; but we would not be justified in calling the representative of the other company a blackguard because he attempts to skim the cream in this manner, rather, he would be termed a fine underwriter, if he "got away with it."

"If this cream business is so desirable, it naturally follows that the burning ratio is such that the class is yielding an abnormal profit, which

indicates that the rates, in proportion to their hazards, must be too high and as this preferred classification is invariably at the bottom of local rate disturbances, it would appear that the proper thing to do is to reduce the rates on the preferred classes to the point where they will yield only the same normal profit expected of other classes. This would have a tendency to avoid rate wars, and be especially beneficial in towns having few or no special hazards."

Only within the last few months a prominent non-Board company went into a certain town in this State and named certain reductions on brick buildings, and secured a number of desired lines, and very shortly afterwards several of these risks were re-rated by the Bureau at less than the non-Board company's rate.

I realize that suggestions along the lines above mentioned will be disapproved of by many as too tedious a process and the waiting for surveys and re-rating too onerous, but I think you will concede that the chances of permanent good results are far greater than by immediate relief methods through horizontal rate reductions, or throwing open of rates. .

Let us consider what is the attitude of the insuring public during a rate war. I have always felt that the insured accepted the slashing cut in rates as a scheme to increase the volume of business to the companies engaged in it, or a fight among companies themselves, from which he derived a benefit, but for which he owed no return or obligation.

Whatever might have been, this conclusion does not at all fit the present trend of public opinion. There is a new sentiment in evidence—we may say in power—the same that stopped railroad passes and rebates to large shippers. They want to be shown what corporations are doing, and they have the brains and education to see what they are shown. They realize that if the insurance companies cut rates to a ruinous figure in California, some other State or locality must be paying for it, and that when conditions bring on rate war in some other State, California must be helping to pay for it, or there won't be any profit in the business for the companies, and if so, they have got to change companies, because an insurance company that does not make a profit is not a good company to insure with.

This sentiment has progressed far. Over thirty States now carry on their statutes, laws prohibiting rebates, or as it is more generally termed, anti-discrimination. The people are realizing that they have been paying the bill for rate wars, as well as conflagrations, for rebates as well as taxes, that expensive and improper conduct of the business

increases the cost and the policy buyer has to pay for all of it in the end.

In ten States the law provides for the filing of rate schedules. In some instances, the laws provide that when experience demands it, changes in rate schedule may be made and filed, but in such a manner that demoralization, by opening of rates, is practically prohibited. The law of Washington particularly appears to have gathered in the good features of laws of other States and added some of its own. This law permits the filing by a company of any rate schedule it may see fit, the schedule may be changed on due notice being given of such intention, providing that the change is of a general nature and no discrimination or demoralization contemplated.

The Washington anti-rebate law is comprehensive; the penalty is plain; the insured accepting a rebate, can collect only the proportion of his policy corresponding with the proportion which the net premium he has paid bears to the original premium at which the policy was written.

These are good laws, bound to add stability to the business. Were such laws general throughout the country one of the great chances attached to the business would be removed. In other words, the ever possible loss of valuable agency plant by rate wars is practically eliminated without stifling of competition by any means.

It cannot be expected that the general hazards of the business can be altered, but with the agency plant secure there is a new inducement to the investor in insurance stocks, and therefore, encouragement for the organizing of new companies, insuring to the people the benefit of healthy competition.

The National Convention of Insurance Commissioners convened at New York but a few weeks ago. Representatives of fire insurance companies were called upon for suggestions in the framing of laws to regulate the business. It developed that there was a lack of unison of opinion among the companies, and the Commissioners in discussing the failure to agree upon some plan, stated plainly that this inaction would lead inevitably to the passing of laws by the different States which would be framed without the aid and advice of the companies.

This then is still another notification to the fire insurance world that regulation will be had; not only of rates, but probably of expenses and the general conduct of the business. How will you meet this situation? The companies and the agents no doubt do not recognize the trend of the people's mind towards the regulation of all corporations.

How can we set about it to see that such a law as the Washington

one, for instance, is passed in this State, rather than some dangerous, ill-advised measure? Only by a very general understanding of the law ourselves, for then we can impart the true meaning and import of the law to others.

The time has come when it is not enough that the managers of the Pacific department know the law. Your field men must know. They must know it well enough to explain it to the agents, not merely as a law that is good for the insurance companies, because it prohibits rate cutting and rebating.

On the contrary, let it be explained as it is: A law giving the right to any company to do that thing which no reliable company should fear to do, and that is, file their own rate schedule, and adhere to it. A law ready to discipline the irresponsible premium gatherers, whether selling under Board or non-Board flag, discouraging the promoter fattening on the exploitation of new companies, which, after organization, are flung on the troubled seas of finance, usually without rudder or compass, to wreck themselves on the shoals of inexperience and lack of public confidence.

If there is to be a change in the present laws, let us hope we may have this good law which can do these things in California. Rates will of necessity go down because stability adds profit; with fair profits and competition, rate wars would no longer be called for, nor permitted.

The President—You have listened to a most interesting paper. This is the first time Mr. Robins has read a paper to this Association. Do you care to discuss it at all? If not this meeting is adjourned until ten o'clock tomorrow morning. Please be here promptly.

THIRD SESSION

Wednesday, February 4, 1914.

Convention called to order at 10:00 a. m.

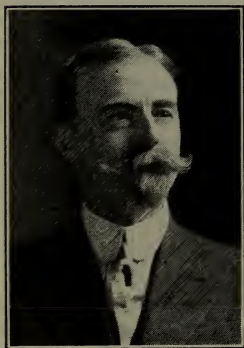
The President—The first paper on the program this morning is one on “Construction, Inspection and Certificates,” by Mr. Chas. F. Wieland, a civil engineer and one who is an authority on the subject.

Mr. Wieland — Mr. President and gentlemen of the Association. I will not detain you very long, so you need not be prepared to be bored.

CONSTRUCTION, INSPECTION AND CERTIFICATES

Charles F. Wieland

Consulting Engineer, San Francisco, Cal.



“Construction, Inspection and Certificates” is a topic which I am not aware of as having been heretofore treated in your deliberations. It is hoped that it is now presented with sufficient clearness to at least warrant your consideration during the pursuit of your activities after this thirty-eighth annual meeting of your Association.

Independent construction inspection by qualified engineers is proving its worth through the beneficial results accruing alike to owner, architect and builder. Needless to say, the owner should engage the inspecting engineering services, and pay the

fee therefor direct, and with the knowledge of the designer.

There is no denying that reluctance to have such inspection is met with on the basis of the outlay for what seems to be unnecessary service

to one who has it under consideration for the first time. That, however, is more frequently the finding on the Pacific Coast than elsewhere.

Land, building material and labor are higher in unit cost with us when compared with like items of property expenditure in other parts of the country. These factors combine to affect an investment on which the returns may not be nearly so attractive as the yield on sound bonds. Apparent justification is thus expressed against what seems to be a needless expenditure. The justification is, however, more apparent than real.

It is no reflection on any one concerned in the design and in the construction of an improvement to have competent examination made of the contract documents for the work—the drawings, the specifications and the proposed contract, and thereafter to have the inspection of the work carried on.

An inspector should be a trouble eliminator, not a trouble maker. The latter individual has no place in the building art nor elsewhere. Finding a trouble in the documents or an impending one in the works is the duty of the inspecting engineer. The uncovering of the difficulty is the first step to its eradication and should be and is welcomed by all concerned in the owner's welfare. It must not be lost sight of that every one having to do with a building operation is the servant of the owner—the one who is rightfully entitled to the best effort of those for the time being deriving their daily living through his enterprise.

No human being may yet claim exemption from error in his work—nor, claiming to be exempt, would he find ready employment. All willingly intent on attaining the best end for the owner can meet in freedom on common ground and unite in giving true and sound form to the conception of the designer, the latter being no less the servant of the owner.

Comely form and well-clad figure are not assurances of good character, nor is an attractive brick exterior a warranty that its units are sound and well bedded and jointed in good cement or lime mortar. A concrete structural member may seem to have its constituent materials so “glued” or bound with cement that no voids or porous places apparently exist therein; a steel connection may seem an inseparable unit with the abutting members, its rivets well driven and with heads truly centered and a wooden truss well designed and framed to all observers except those skilled in the art.

Rarely does the owner or the contractor give his entire time to a building under construction and can therefore certify with first-hand knowl-

edge to the observance of all of the conditions in the contract documents with first-hand knowledge. More often and necessarily subordinates are in charge, but sometimes without the deep interest in the work that is due the owner and his immediate employer.

Construction inspection certificates are of great value to both of the parties to a sale, investment or loan and likewise to the underwriters who would assume the fire risk. We will dwell on matters pertinent to the latter.

Life underwriters, taking into account the passing of the human body, subject applicants to a rigid physical examination, the results of which—coupled with a knowledge of the applicant's habits and morality—are studied for the acceptance or the rejection of the risk. The process is simple to the laying aside of a few garments; it occupies but little time and no more for a one-thousand-dollar protection than for one of one hundred thousand dollars.

Fire underwriters are somewhat at a disadvantage respecting the integrity and the endurance expectancy of the structures they may solicit as risks. It is true and well known that most efficient inspecting bureaus are maintained by assurers, but the service of their staff may not extend to structural surgical operations, nor can a stethoscope be employed to detect a fault under an outer covering. An owner would not view with kindness an attack with hammer and chisel on the constituent members of his building.

To place the burden of constant and personal inspection of building construction on fire underwriters would be unreasonable nor can the efforts of a city building inspection department be extended to unlimited attendance on the works for which a permit at insignificant cost has been issued.

As a fire is a severe test of the integrity of a building, would it not be to the best interest of all concerned to have on file and issued by a recognized competent engineer or engineering bureau a certificate of construction inspection on the risk, even as the steam boiler inspection bureaus follow the constituent members through the mill and shop to the completed boiler? Fire underwriters may well counsel such inspection and encourage it by prospect of credit on rating.

The certificate of inspection, or a true copy thereof, should be in possession of the underwriters during the term of protection, just as an abstract or certificate of title to real property is in the keeping of the mortgagee during the term of the loan.

As to the value of inspection during construction: I have in mind a reinforced concrete building in the fire limits of a certain city that nearly came to be independently inspected and finally was made a subject of investigation after erection. The drawings and specifications were given to a consulting engineer for scrutiny, but after all, it was decided to "go it alone" with an inspector hired by the day. The architect's contract with the owner contained a provision that an inspector would be in constant attendance on the job; the inspector to be appointed by the architect and to be carried on the pay-roll of the contractor. The inspector hired was not of the staff of an engineer or inspecting bureau and did not have the benefit of a chief's counsel. Installed in the manner set forth, to whom would he be expected to swear allegiance? That is not the character of inspection herein advocated.

The drawings and specifications were duly filed with the building department of the city and the permit was granted in accordance therewith.

The history of the construction operations of the building need not be touched upon. After completion and partial occupancy one of the interested parties engaged the consulting engineer to make the examination spoken of in the foregoing remarks.

The drawings and specifications called for a concrete roof slab. Instead, there was built a thin concrete coating—not self-supporting—carried on wooden joists and wooden framing—a construction that was in violation of the building law for class "B" structures. The roof space so formed is utilized for the disposition of water, steam and gas pipes. No ventilation was arranged for in the attic or roof framing loft at the time. Now ventilator skylights have been provided. Where the openings were cut into the roof there may now be found daily papers and some oily paper, which was doubtless left there by the workmen during the lunch hours. An ignition of the debris would readily set fire to the roof framing. Carelessness of workmen and character of building equipment, contractors' staging, appliances, etc., may therefore be a fruitful topic for later discussion and in fact was suggested to the writer by a valued engineer counselor of a fire underwriters' board.

The owning corporation is subject to an increase of ten per cent on the key rate because of the presence of the wooden roof framing. That the structure is not immune from fire may be seen by reference to the particular city's daily papers of several years ago in which there

was chronicled a fire as having taken place "in a store-room on the roof," thus giving force to the opinion that all of its elements of construction should have been well considered for the benefit of insured and insurer.

A concrete stack or chimney for the boiler plant was specified to have fire-brick lining throughout the lower zone for a given height. The lining was omitted on the ground that the flue area was too contracted, if so built, to properly serve two boilers. Again a study of the needs of the steam plant should have preceded construction operations.

To obtain sound chimney or flue construction of concrete or brick—unlined with terra cotta or fire-brick—the utmost vigilance is demanded. Brick are held together by cement mortar just as concrete aggregate is "glued" into a homogeneous mass by sound and skillfully mixed cement mortar. If either kind of construction is poorly performed outlets will be inevitable for the gases to escape through. Then too, ignition of unburnt gases may take place in the stack just as they occur in the exhaust system of an oil or gas engine at times.

The electric switch-board in the same building was located in direct range of three water gauge glasses on boilers and tank. As gauge glasses are fragile it may easily be seen what could occur in the way of shorts upon a deluge of water assailing the switch terminals and bus bars. The meters were mounted directly on wooden planking instead of non-combustible material.

A number of other construction departures from drawings and requirements were seen after the completion of the building, the details and consequences of which I am not at liberty to discuss. Suffice it to say that had the owner elected to have the services of an engineer competent to act, as at first contemplated, a properly constructed building might reasonably have been expected.

To revert for a moment to the subject of flue linings: An interesting case in point came up during the construction of a residence which had general inspection as against constant attendance of an inspector. That kind of inspection was effective "after the fact." Upon completion of the chimneys it was seen that the brick was not bedded and jointed in a workmanlike manner. Further: by directing the sun's rays into the flues it was seen that except at the top and at the bottom of the flue length the terra cotta lining had been deceitfully omitted in one stack; also, because the adjoining flues in a stack were not started at correct centers, one side of one run of flue lining was knocked off. A casual survey by the untrained eye would have been satisfied with the presence

of the flue lining at the top of the stack—but what of the future safety of the occupants of the residence? An extract of a letter to the contractor regarding another of the stacks reads thus:

“The joints are sadly lacking in mortar; one is able to look through the west wall of the chimney at the living-room fireplace, and in places the vertical joints are directly over one another in successive courses.”

The rebuilt stack is cement plastered on exterior as provided for in the specification. If inspection had not been made the defective stacks would still be in place unless the inevitable had happened.

Cases can be cited of insufficient fireproofing of important structural members. An incident is recalled of photographic evidence of work in construction as being exhibited by an underwriter to an owner in refutation of the owner's claim that an important structural member in his building was properly fireproofed. Based on the photograph the rate asked for was not granted.

Metal lath should be correctly furred out and plastered. Concrete needs to be well anchored and of suitable thickness and density.

All concrete is not of identical structural worth nor is all brick suitable for any kind of service. Care must be exercised in the composition and the application of both concrete and brick. It is not safe to be guided by such well meant but dangerous advice as was given to his readers by the editor of a trade journal who said recently: “Any —— who can mix sand, gravel, water and cement and pound them down into forms can do concrete construction of the class required on the ——.”

The temptation to use sand, gravel and rock without first making a void or sifting test has not infrequently been followed by unhappy results. For instance, take sand and gravel. Nature seldom deposits an ideal mixture of either for man's immediate use in the imitation of nature's other handiwork—solid rock. Every one who has ever paddled bare-footed in a gutter knows that water carries light particles of sand in suspension and propels by its onrush the heavier. A rainfall that will result in a stream flow in a given channel of 0.6 ft. per second will transport the fines; coarse sand is propelled at a velocity of 0.9 ft. and so on through large pebbles at 4.0 ft. per second to rock at greater velocities. The material so carried down by the waters is deposited when the force of the water is spent by cessation of rain or the stream widens out. Thereafter man is at liberty to recover the spoils but they should be washed and graded to obtain the best results at the least cost.

Concrete aggregate are usually sold by weight. When well graded into a mixture to insure the best disposition of the cement which is to

"glue" the particles into a solid mass the resultant strength of the concrete can be seven times that of the same weight of materials but not skillfully selected as to size, nevertheless of the same cost. This has been demonstrated in tests of William B. Fuller.

A dense concrete stands a better fire test than a weak, porous mass, and likewise does strong, well bonded and cemented brick prove a better protection than that poorly made and laid. I could point out existing buildings wherein the brick is so soft that it can be abraded by a fingernail.

No material is exempt from faults either in manufacture or subsequent incorporation in a structure and no factor in the building art can find comfort in the promotion of his ware at the expense of his fellow's failures. Our virtues and not others' misfortunes should increase our usefulness.

I am impelled to say this because we find the brick man speaking of the concrete man's failure; the brick and concrete men speaking of the terra cotta man's failure; the terra cotta man speaking of the concrete man's failure, *ad libitum*, and all attempting to prey upon the misfortunes of their fellows because of the sometime wrong use or abuse of a particular material.

A weakened floor system, following a loading beyond its intended capacity or rating, is a feature for the consideration of fire underwriters, because of the part it may play in case of a fire occurring in the building. In many cities it is required to erect a tablet in a prominent place in each story with a declaration of the uniform load per square foot that the floor is designed for. Underwriters should demand the presence of such a tablet on the floor of every building they have given protection on. A case is cited where it was customary to stack the goods on the ground floor to a total weight of 500 pounds per square foot. The upper stories were for the same class of goods and with clear ceiling height that permitted the stacks to be of same gross weight per square foot, but the floor system was designed for only 250 pounds. As the employees were not able to distinguish between the effect of a load of 500 pounds on a concrete floor laid directly on the ground and the same method of doing business on the upper floors, trouble at once set in. The floor system was weakened and the walls of brick were bowed.

There followed a withholding of money under the contract, and there was a general stirring up of conditions all the way around, due to the fact that the owner's own architect, who was in his service—because they

were erecting buildings all the time, did not make an adequate study of the needs.

The correct designing of wooden roof trusses is often neglected. Knowledge is possessed of three buildings housing industries of widely different character in which design faults of wooden trusses are seen. One of the buildings is in the fire limits of a certain city. The top and bottom chords should be bound together with struts and ties at what might be termed the common meeting places of the forces due to the design of the truss. The top chord, as you know, may be considered the roof joist, and the bottom chord the tie that holds the truss, and indirectly the wall, from the spreading due to the weight of the load on the truss. The top chord should have its toe contact with the bottom chord directly over the supporting wall or column. In the cases referred to the top chord's toes rest on the bottom chord clear of the walls and columns and are seen within the rooms. A bending of the bottom chords has followed and for which unnatural load no increase in the sectional area of the bottom chords was made. A fire creeping up the wall or the column would quickly dispose of the bottom chord and drop the entire truss, even had it been water controlled at that moment. Were the trusses properly designed a fire might effect the same result as to the burning of the bottom chord but not necessarily attack the top chord whose factor of safety might prevent the total loss that may now reasonably occur.

Fire tries out structural weakness in all materials as certainly and as searchingly as water does zones of porosity.

Therefore the queries: "Is a building containing structural weaknesses as good a risk to a fire underwriter as one of its same class which is known to be of sound material and workmanship?" And, "Shall a building whose floor system has been strained and weakened through excessive loading continue to be classed as a desirable risk and enjoy the same rating it originally had?"

The answers are obvious.

The conclusion to this study must be: "That a structure which has been certified to as having been inspected throughout its construction by a competent engineering authority, and thus known to be of sound materials and good workmanship, is entitled to a lower rate of insurance than one not so inspected."

In closing I express to the efficient staff of the Board of Fire Underwriters of the Pacific the pleasant contact I have had with them in

the course of my professional duties. In my past capacity as executive of manufacturing and engineering enterprises elsewhere, I have always welcomed the visits of underwriters' inspectors and have profited by their advice. An hospitable attitude on the part of the insured, instead of the defensive one often encountered, would be of great mutual benefit to both parties to the contract.

The President—Gentlemen, I am sure we are all indebted to Mr. Wieland for a most excellent paper. This is a subject which interests us very much indeed. I hope we may have some discussion on it.

Mr. Robertson—I would like to call attention to the valuable information in that paper. I have no doubt that it would be, as Horace Greeley would say, "mighty interesting reading." There are several points about this paper to which I would like to direct your attention. One is the clever way in which Mr. Wieland has called attention to the proper function of the inspector as being a trouble eliminator and not a trouble maker. A great many underwriters think an inspector is a trouble maker. He is not. He is a saver of trouble for everybody, and the sooner he begins his inspection the least trouble there will be for everybody.

The necessity for the inspection of buildings, especially very finely designed buildings and very complex buildings, is very great. The failure at the point of junction of any particular set of structural members may mean the destruction of the entire building at a critical moment, and the certainty which one might have that that particular thing has been safe guarded is well worth any money it may cost. That is included in Mr. Wieland's remarks.

Another thing he mentions is the inspection of chimneys. I do not suppose there is any particular thing which requires more care than that. Just after the earthquake and fire you will

remember the Board had numerous chimneys inspected, and you would be surprised to know the number of chimneys which the inspectors found had always been defective. You may say that the fact that they had always been defective and had never caused any particular fire is proof that it was not necessary that they should be made better. As far as those particular houses were concerned that is true, but out of a large number of chimneys, built at the same time that those defective ones were, undoubtedly a large number had caused trouble. What is more common than to see an account of a fire as follows: "Fire due to defective flue." I do not know of anything more common than that except "crossed wires." Those two things might be kept set up in the printing office all the time and used in an account of fires.

The necessity for the proper inspection of construction cannot be too much insisted upon. Take your paper warehouses, for instance, and warehouses of other kinds, where stuff is piled on several stories, there is an enormous weight on the floors themselves. I am doing this very hastily because I know the meeting has a good deal before it, but I merely want to direct your attention to these points so that when you read this paper you will pay some attention to it.

I wish to say of Mr. Wieland that he is a friend of the fire underwriters. He has always consulted us before proceeding, with profit both to ourselves and himself. It would be a good thing if more architects would do the same thing.

Mr. Sexton—This paper is very valuable, and the remarks of my friend here are somewhat applicable, but he seems to have mixed up the insurance man with the underwriters.

Some insurance men object to inspection. Now, Mr. Wieland struck the key note when he suggested, washing building materials. We who have adjusted losses have seen where chimneys have fallen over and the bricks would be as clean as this piece of paper.

That was all very fine for the man who wanted to rebuild the chimney; but it proved that the builder took the sand out of the creek, and that the sand was made up of one part sand and three parts silt or peat. Flue fire in a chimney built with that class of material will burn the peat, and the sand leaks out; and thereafter, when the soot catches fire, because the flue is not cleaned (there are no chimney sweeps in the country) the fire passes through the interstices of the bricks and the place burns. The "defective flue" fire follows. We pay total loss and wonder why good brick flue risks are not as profitable as the old stovepipes.

Inspectors should insist upon the sand being washed. It is no trouble to wash sand. With the peat out of it, the mortar would be good and a brick flue better than a stovepipe. All sand used for mortar should be washed. A little preaching on that subject by specials would save money for the people. Buildings in cities are usually attended to, but not so in the country. A building inspector in the country should insist on the sand being washed with running water until the water comes out clean, and then we will have fewer defective flue fires.

The President—This is a most important subject, and when Mr. Wieland's paper comes out in our printed Annual Proceedings it will be well worth your while to read it carefully and study it, because it contains a great deal of useful information.

The next paper is one on "Garnishment," by Mr. H. A. Thornton.

GARNISHMENT

H. A. Thornton, B. L., L. L. B.



I. INTRODUCTION.—The intention of the writer in presenting this paper to you is to take up the subject of garnishment from the point of view of the garnishee rather than from the standpoint of the garnisher. There will be no attempt made to go into the steps necessary to procure the proper writs, except insofar as the failure to follow those steps will affect the garnishee. The statutory provisions of the various States and Territories have been appended hereto for reference and the decisions of the highest tribunals in each State are cited to show what the garnishee must do and what he

must refrain from doing in order to protect himself.

II. DEFINITION.—It might be well at this time to point out the difference between attachment and garnishment. It is the common usage to refer to either of these proceedings as ‘attachment,’ and even in the statutes and in the decisions of the courts there is a confusing interchanging of the terms. But it is well to remember that there is a great fundamental difference between a garnishment and an attachment. An attachment has been defined as “an anticipated execution to take and hold property, subject to a judgment in an action.” It is, strictly speaking, a legal process, whereby the property of the debtor is taken into the custody of the law for the protection of the creditor pending the determination of the rights of the parties. Attachment, then, involves only the rights of the debtor and creditor. Garnishment, on the other hand, goes much farther, and reaches moneys, credits, or other assets of the debtor in the hands of third parties. It is really a warning or notice to the third party that he must hold anything which he may have, belonging or owing to the debtor. These effects of the debtor are not taken into the custody of the law by the process of garnishment, but are left in the hands of the third party as a disinterested trustee or stakeholder.

"Garnishment is the admonition judicially given to the attachment defendant's debtor or holder of property, warning him against payment or restoration to defendant and bidding him hold the property or credit subject to the order of court. It is the process by which the garnishee is brought into court, and also that by which the defendant's credit or property is attached in the garnishee's hands. Its service is constructive seizure by notice."

Eagleson v. Rubin (Idaho), 100 Pac. 765.

"The difference between an attachment of personal property and a garnishment is very great. In the former the property attached is actually taken into the possession of the officer holding the writ, and is under his custody and control, while in garnishment proceedings the property is left in the hands of the garnishee."

Santa Fe Pac. R. Co. v. Bossut (New Mexico), 62. Pac. 977.

III. HISTORY.—Garnishment did not exist under the common law. In London, however, a custom grew up which finally took a form similar to garnishment as we now know it. Prior to that time it was customary to throw a man in jail for debt. The first step away from that barbarous custom was to attach or seize the man's property, instead of his person, and hold it liable for his debts. It remained for the merchants of London to go a step farther and evolve a process whereby moneys due or owing to a debtor from third parties might be subjected to the payment of his debts. This custom differed greatly from the common law form of attachment, for at common law it was necessary to obtain personal service on the defendant and take possession of his property, while under the London custom it was not only not necessary to notify the defendant, but Lord Mansfield declared that the very essence of the custom is that the defendant shall not have notice. Under the custom, if the creditor instituted proceedings against his debtor and could find no effects, he appeared before the recorder and stated that he believed that certain persons in the city were indebted to his debtor. These parties were warned to come in and state whether or not they were so indebted. If it appeared that they were indebted, they were ordered to pay the money over to the plaintiff, but the debtor had a year and one day in which to appear and prove that he was not indebted to the plaintiff. This custom was very ancient and was expressly recognized and granted in some of the Royal Charters and Acts of Parliament.

IV. NATURE OF PROCEEDINGS 1.—STATUTORY.—Although the process of garnishment was derived from the custom of London, it has no existence as a common law remedy in the absence of statutory enactment. It is purely a creature of statute, in derogation of the common law. As it affects rights which would not otherwise be reached and searches out private and sometimes confidential relations between the defendant and third parties, the courts look rather askance upon this somewhat anomalous proceeding, and require that the provisions of the various statutes by which it was created be strictly pursued. They will not enlarge the letter of the law, and will not do anything by implication. The party seeking to enforce this remedy must clearly show his right thereto, and, in case of any dispute, must produce a preponderance of evidence.

Attachment is a summary remedy, and a plaintiff must clearly come within its provisions to invoke its powers.

Adenattein v. Banes (Ariz.), 12 Pac. 614.

“The proceedings by attachment are statutory and special and must be strictly pursued.”

Finch v. Finch (Cal.), 107. Pac. 594;

Griswold v. Sharpe, 2 Cal. 17;

Roberts v. Landecker, 9 Cal. 262;

Gow v. Marshall, 90 Cal. 567;

Rudolph v. Saunders, 111 Cal. 233;

Ayres v. Burr, 132 Cal. 125;

Clyne v. Easton, Eldridge & Co., 148 Cal. 287.

“An attachment being merely a creature of statute, its existence and operation in any case can continue no longer than the statute provides it may.”

Loveland v. Alvord Min. Co., 76 Cal. 562;

Hamilton v. Bell, 123 Cal. 93.

The remedy by attachment is purely statutory. It has no existence without the statute. It has an individuality entirely foreign to the common law, and, being in derogation of common right, must be strictly construed.

Great West Min. Co. v. Woodmas of Alston (Colo.), 20 Pac. 771.

Garnishment is a strictly statutory remedy, and it can not be extended by construction to cases which are not within both its letter and spirit. It is true that the garnishment statutes of Colorado specifically require that they should be liberally construed, so as to promote their objects. This applies, however, only to the enforcement of the remedy after jurisdiction has attached. It does not permit courts to enlarge or extend

by implication the scope of the statutes, so as to bring within their jurisdiction any cases except those to which the statutes manifestly and clearly apply. As to this, the rule of strict construction prevails, the statutes being in derogation of the common law.

Troy Laundry Co. v. Denver (Colo.), 53 Pac. 256;

Iron Co. v. Blair (Colo.), 39 Pac. 897;

Creditor must follow the statutory course.

Henkel v. Bimetallic Bank (Colo.), 58 Pac. 336.

The request to issue this peculiar statutory process must be made in the method indicated in the act itself.

Frag v. Adams (Hawaii), 5 Haw. 664;

Hackfeld v. Kavanagh (Hawaii), 6 Haw. 659;

Hayashi v. Iwata (Hawaii), 14 Haw. 627.

The right of attachment is purely of statutory regulation, and, where the statute provides the procedure in such cases, the plaintiff is required to pursue such course in order to sustain his action against the garnishee.

Eagleson v. Rubin (Idaho), 100 Pac. 765.

The statute is in derogation of the common law, and therefore it is to be strictly construed, and its provisions can not be extended by construction.

Perea v. Colo. Nat. Bk. (New Mexico), 27 Pac. 322.

The remedy by attachment and garnishment is purely statutory, and to make them available to a party, the substantial requirements of the statute must be complied with. The court has no power to enlarge or extend them beyond the letter of the statute.

Caldwell v. Banking and Trust Co. (Ore.), 95 Pac. 1;

Case v. Noyes (Ore.), 19 Pac. 105; (affirmed), 21 Pac. 46;

Graf v. Wilson (Ore.), 125 Pac. 1005.

The process of attachment is a specific statutory remedy, and, in resorting to it, the terms of the law conferring it must be strictly pursued.

Bowers v. London Bank (Utah), 4 Pac. 225.

IV. 2. REQUISITES.—Before the plaintiff can hold the garnishee liable, the following essential features must appear:

1. The court must have jurisdiction;
2. There must be a debt owing from the garnishee to the defendant; or the garnishee must have property of the defendant debtor in his hands;
3. There must be a valid judgment against the defendant debtor in favor of the plaintiff.

IV. 3. PROCESS.—There will be no attempt made to discuss at this time the process issued in garnishment or the steps necessary to obtain the same. These matters are peculiar to each State and depend entirely upon the statutes of the State. It is necessary to follow the provisions of the law in order that the process may be valid and binding on the garnishee; and it is the duty of the garnishee to see that the various provisions have been complied with. Should it appear that the garnishee has paid out money under a writ which is invalid, he will not be protected. In order to save himself and to avoid double payment, the garnishee should examine the proceedings and see that the statutory provisions have been followed. This is especially true where service upon the defendant has been obtained by publication.

Where the statute provides that the writ may be issued "at the time of issuing the summons or at any time afterwards" and it is, in fact, issued before the summons, the garnishment is void, and the garnishee would not be protected.

Low v. Henry, 9 Cal. 538.

Where the statute provides that an affidavit be filed by the plaintiff setting forth the facts necessary to the issuance of the writ, the writ must state what is required to be stated, and these facts must be *truly* stated in the affidavit; and if not stated in the affidavit, the garnishment or attachment should be dissolved, even though the requisite facts, omitted in the affidavit, are alleged in the complaint.

Fisk v. French, 114 Cal. 401;

Tibbet v. Tom Sue, 122 Cal. 206.

Where an undertaking or bond is required and it is defective, the garnishment must be dismissed.

Tibbet v. Tom Sue, 122 Cal. 206;

Kern Valley Bank v. Koehn, 157 Cal. 502;

Maze v. Langford, 16 Cal. App. 745.

Garnishee is bound to take advantage of all jurisdictional defects, otherwise a judgment against him is no defense.

Tabor v. Bank of Leadville (Colo.), 83 Pac. 1060.

Where there was no seal of the court on the summons, the service was defective and could not bind the garnishee.

Hayashi v. Iwata, 14 Haw. 627.

Defective bond.

Vollmer v. Spencer, 5 Idaho 563.

Garnishment is void where summons has been issued without clerk's signature.

Shannon v. Huat, 20 Mont. 557.

"Garnishment rests wholly upon judicial process and depends upon the due pursuit of the steps prescribed by law for its prosecution." "It is in the nature of a proceeding in rem, since its aim is to invest the plaintiff with the right and power to appropriate, to the satisfaction of his claim against the defendant, property of the defendant in the garnishee's hands, or a debt due from the garnishee to the defendant." (Drake, Sec. 451, 2.) "The nature of the proceeding is such that a party claiming to have acquired property rights by means of it must, in order to maintain them, show a strict compliance with all its requirements."

Batchellor v. Richardson (Ore.), 21 Pac. 392.

IV. 4. WHEN A SUIT.—Garnishment is generally considered a strictly legal, not an equitable, process issuing out of a court of competent jurisdiction, and affecting property, effects, credits, debts, or other assets of the defendant in the hands of third parties. By the statutes of some States it is made a separate and distinct action from that brought by the creditor to enforce the liability of the debtor, but in the absence of such statutory provision it is considered as a special auxiliary remedy to the creditor by statute in order that he may more effectually reach property of the defendant debtor and hold it to secure any judgment that may be rendered. It is ancillary to the action between the plaintiff and defendant and reaches debts owing or credits belonging to the defendant which could not otherwise be held to satisfy defendant's debts.

Where, however, the garnishment is issued after judgment, or where the plaintiff brings suit against the garnishee to enforce that judgment, the proceeding is a separate suit, although it is dependent upon the main action, in that the garnishment will be void in case the court had no jurisdiction, or if for any reason the judgment is reversed. Where the garnishee, having property or effects of the defendant in his possession or under his control, disposes of or appropriates the same, or where, being indebted, he denies the indebtedness in his answer, the plaintiff is given the right to bring a separate suit against the garnishee. The garnishee then becomes the defendant and the burden is on the plaintiff to prove that he was so indebted, or that he had property or effects of the debtor in his hands. This is not, strictly speaking, a garnishment proceeding, but is a right of action given to the creditor because of the failure of the garnishee to observe the writ or warning served upon him.

Plaintiff has the right, after prosecuting his supplementary proceedings to the point of securing from the garnishee a denial of indebtedness to the judgment debtor, to bring his action against the garnishee without an order permitting him to do so.

Phillips v. Price, 153 Cal. 146;

Nordstrom v. Corona City Water Co., 155 Cal. 206.

After execution unsatisfied against the judgment debtor, the judgment creditor may bring an action at law against a garnishee upon whom notice was served under an attachment issued in the action before judgment; and it is not necessary before bringing such action that the garnishee should be required to appear and answer, or that an order should be obtained authorizing the action against the garnishee; and no equitable circumstances need be shown to justify the suit.

Carter v. Los Angeles Bank, 116 Cal. 370;

Roberts v. Landecker, 9 Cal. 262.

FOR DIFFERENCE BETWEEN

The proceedings provided for in 717 do not imply notice of garnishment whatever. It is a special proceeding, which can only be inaugurated after execution has been issued and returned unsatisfied in whole or in part. It may be commenced by affidavit or other proof showing that any person has property of the judgment debtor. No showing is required to the effect that a notice of garnishment has been served upon such person. In section 715 it is provided that, where it is sought to subject such property to the levy of the execution, the same proceedings may be had as those provided after the return of the execution. This expressly refers to 717 et seq. This section also fails to provide, as in 544, for a direct liability to the plaintiff, as in the attachment suit.

Herrlich v. Kauffman, 99 Cal. 271.

A garnishment proceeding is a proceeding at law—a suit.

Metzler v. James (Colo.), 19 Pac. 885;

Burton v. Snyder (Colo.), 40 Pac. 451.

Garnishment is not a new suit but an incident or auxiliary of the judgment, a means of satisfying the same by reaching the defendant's debtors.

Perea v. Colo. Nat. Bank (New Mexico), 27 Pac. 322.

While the garnishment proceeding is ancillary to the original suit and is a remedy in aid of the execution, issued in the judgment in that suit, yet it is separate, distinct action in rem and can not be considered part of the original action. It raises separate and distinct issues from

the main action and involves different parties, and is appealable in the same manner as other causes of action of a like nature.

Western Homestead Co. v. First Nat. Bk. (N. Mex.) 47 Pac. 721.

The suit by the garnisher against the garnishee is a separate action from, although auxiliary to, the original action.

Keene v. Smith (Ore.), 75 Pac. 1065.

It is strictly a proceeding at law and the pleadings are framed and the issues tried as in an ordinary action at law.

Caldwell Banking & Trust Co. (Ore.), 95 Pac. 1;

Case v. Noyes (Ore.), 19 Pac. 105 21-46.

Garnishment proceedings are not independent of but merely in aid of an action begun at or before the garnishment proceedings were instituted.

Bristol v. Brent (Utah), 99 Pac. 1000.

IV. 5. PARTIES.—When garnishment is levied at the time of issuing summons, and before judgment, the garnishee is not a party to the suit, in that a judgment can not be rendered against him in the original action, nor can he appear or be heard as to the form and character of the judgment. He must, however, be served with the process and notice provided for in the statute, and the plaintiff must prove his case against the defendant and show an indebtedness from the garnishee to the defendant, or that the garnishee had property or effects of the defendant in his possession. Where the garnishee has secured a judgment against the debtor and the garnishee is in default, or where the writ is issued after judgment, the proceeding is strictly an action against the garnishee, and the defendant becomes a stranger to the action. Where the garnishment proceeding is considered a separate suit, the garnishee is of course a party, as the garnishment proceeding is directed against him.

Garnishment involves different parties from those in the main action.

Western Homestead Co. v. First Nat. Bk. (N. M.), 47 Pac. 721.

The garnishee is not a party to the original action in the sense that a judgment can be rendered against him therein.

Adamson v. Mariner (Ore.), 67 Pac. 300.

Nor can he appear and be heard as to the form and character of the judgment.

Adamson v. Frazier (Ore.), 66 Pac. 810.

IV. 6. NATURE OF DEMAND BETWEEN DEFENDANT AND GARNISHEE.—

In order that garnishment will lie, it is necessary that the defendant have a claim against the garnishee which would support an action at law. The garnishee must have property of the defendant in his possession or under his control or must be indebted to him in a sum certain, due or to become due absolutely. A contingent liability is not sufficient to support garnishment, nor is an equitable claim of the defendant against a garnishee sufficient. The general rule is that the debt must be one incurred under a contract express or implied. Damages for a tort are not a subject of garnishment. It is not necessary that the debt be due at the time of the commencement of the action, if it is of such a nature that it will not be defeated by some future condition, and if it be for a sum certain. A judgment, however, is a debt and will support a garnishment, even though that judgment be recovered in an action on a tort liability, and it is not necessary that this judgment be that of the court in which the garnishment suit is pending.

"An attachable debt must be a perfected debt and payable absolutely some time." Where the claim of the debtor against the garnishee depends on a condition not yet performed, there is no debt, and a garnishment is not effective.

Gray v. Heffer, V. B. C. 56.

"To attach tangible property, or garnishee credit, it is essential that the property or credit exist." If the garnishee owed nothing when a copy of the writ was served, the plaintiff secured no lien upon any sum which might subsequently become due.

Early v. Redwood City, 57 Cal. 193.

"The word 'debt' as used in the law of garnishment includes only legal debts—causes of action upon which the defendant in the attachment under the common law practice, can maintain an action of debt or *indebitatus assumpsit*—and not mere equitable claims."

Redondo Beach Co. v. Calif., etc. Co., 101 Cal. 322.

The liability of the garnishee must be made affirmatively to appear in order to justify a judgment against him. (If it does not appear from the answer of the garnishee, the burden is on the garnisher.)

Union Pac. Ry. v. Gibson (Colo.), 25 Pac. 300;

Denver T. & Ft. W. R. v. Smeeton (Colo.), 29 Pac. 815.

A debt for which a judgment might be rendered against a garnishee must be one for which the defendant might maintain an action against him in debt or *indebitatus assumpsit*.

Troy Laundry Co. v. Denver (Colo.), 53 Pac. 256.

It is necessary for the plaintiff to obtain a valid judgment against the principal defendant in order to charge the garnishee.

Taber v. Bank of Leadville (Colo.), 83 Pac. 1060;

Everett v. Conn. Mut. L. (Colo.), 36 Pac. 616;

Hunkel v. Bimetallic Bank (Colo.), 58 Pac. 336.

It is well settled that a debt subject to a contingency, and not due or to become due by the mere lapse of time is not subject to garnishment.

Souza v. Smith, 11 Haw. 202.

The issuance of an execution is not a condition precedent to the making of an order, under R. L. 2117, for the examination of a judgment debtor. (Only requisite is that applicant be a creditor who has obtained a judgment in any court.)

Haw. News Co. v. McBride, 19 Haw. 625.

Garnishment will not lie in an action for unliquidated damages. There must be a "debt," not a contingent or speculative liability. Must first be reduced to a judgment.

Henriques v. Vinhaca, 20 Haw. 702.

The mere fact that a debt is not yet due will not defeat the attachment, if there is a certain obligation to be met in the future—but where it is conditional and contingent, it can not be attached.

Cowell v. May (Mont.), 66 Pac. 843.

There must be an existing debt at the time of service, and not a mere conditional or contingent liability.

Delenty v. R. M. Bell Tel. Co. (Mont.), 108 Pac. 921;

Cowell v. May, (Supra).

Debts not actually due or owing, but depending on a contingency, can not be reached by garnishment.

Reinhart v. Hardesty (Nev.), 30 Pac. 694.

The person garnished must be indebted to the defendant before process can issue. The claim must be a *legal*—not an equitable demand, absolutely and unconditionally owing and payable at the present or some time, i. e., it must be enforceable in an action at law, and its payment must not be dependent upon the existence or performance of contractual conditions. The debt must be in existence at the time of service—although the debt may not be due, if absolutely payable in the future.

Garland v. Sparling (New Mex.), 30 Pac. 925.

In a proceeding under this section (2 Code 524) the rendition of a valid judgment against the principal debtor was an essential to the main-

tenance of the action. It was a jurisdictional fact, which could not be waived by the garnishee.

Timm v. Stegman (Wash.), 22 Pac. 1004.

IV. 7. RIGHT OF GARNISHOR.—Garnishment is sometimes considered as an involuntary assignment to the plaintiff of all the defendant's rights against the garnishee, or to the money or property in his hands. The plaintiff is merely substituted to the rights of his own debtor and can not acquire any greater rights or enforce any greater liability against the garnishee than could the defendant, except in the case of fraud. It sometimes happens that the defendant is barred from enforcing any claim which he might have against the garnishee by his own fraudulent conduct, but this would not bar his creditors who might have been injured by that fraud. For instance, defendant A. makes a fraudulent transfer of his property to defeat his creditors. While he might be stopped from setting up his own fraud to defeat that assignment, his creditors would be allowed to plead it.

It is not only necessary that the defendant have a claim against the garnishee which he could enforce in an action at law, but it is also necessary that the plaintiff have a claim against the defendant, and that he prove the same and reduce it to judgment.

A plaintiff who has sued out an attachment and given the necessary notice to a garnishee, that the property in his hands is attached and subsequently the garnishee fraudulently disposes of the property, has a right to waive his lien on the property, and bring suit for the value of the property against the garnishee.

Roberts v. Landecker, 9 Cal. 262.

Garnishment may be regarded as an involuntary assignment of the debt, or the creation of a lien thereon, and it dates from the levy.

Nordstrom v. Corona City Water Co., 155 Cal. 213.

So far as the relations of the plaintiff's to the debtors are concerned, a judgment against the garnishee operates as a statutory assignment of the debt in the hands of the garnishee, and the plaintiffs become clothed with all the debtor's rights as to the debt in question.

Montgomery v. Whitehead (Colo.), 90 Pac. 509;

Ins. Co. v. Tabor, 16 Colo. 531;

Sevier v. Nevadaville, 14 Colo. 54.

The rights of the garnishor are no greater than those of the creditor.

Hallowell v. Greenleaf (Colo.), 32 Pac. 79;

Jones v. Langhorne (Colo.), 34 Pac. 997.

The rights of the garnishor are no greater than those of the defendant, except in case of fraud when he may reach the effects so fraudulently transferred, by garnishment.

Van Ness v. McLeod (Idaho), 31 Pac. 798;

Cunningham v. Bank (Idaho), 88 Pac. 995.

The garnishor stands in the shoes of the debtor and can assert only the rights of the latter, and all defenses, either legal or equitable, of the garnishee or third parties, may be interposed against the garnishor that might have been set up against the debtor.

Field v. Sammis (N. Mex.), 73 Pac. 617;

Perea v. Colo. Nat. Bank (N. Mex.), 27 Pac. 322.

Notice of garnishment served upon a debtor, while giving a right of action against him for money owing to the defendant in the garnishment proceedings, does not constitute a lien upon money with which he may subsequently pay his debts, so as to enable the garnishor to follow the money into the hands of third persons to whom it has been paid.

Hulley v. Chedic (22 Nev. 127), 36 Pac. 783.

A garnishment is not retroacting, nor does it give any greater rights against the garnishee than the defendant himself possessed, except in cases of fraud.

Meier v. Hess (Ore.), 32 Pac. 755;

O. R. & N. v. Gates (Ore.), 10 Ore. 514;

Baker v. Eglin (Ore.), 8 Pac. 280;

Phipps v. Rieley (Ore.), 16 Pac. 185;

Case v. Noyes (Ore.), 19 Pac. 104.

General rule is that creditor has no greater rights against the garnishee than the defendant had before the writ was issued.

Graf v. Wilson (Ore.), 125 Pac. 1005.

He succeeds to the rights of his debtor.

Caldwell Bank & Trust Co. v. Porter (Ore.), 95 Pac. 1.

By service upon the garnishee of a copy of the writ of attachment and notice as provided by law, the plaintiff obtains the right, if the certificate is unsatisfactory, to maintain an action against him upon a liability existing in favor of the defendant in the original action.

Keene v. Smth (Ore.), 75 Pac. 1065;

Smith v. Conrad (Ore.), 31 Pac. 398;

Case v. Noyes (Ore.), 19 Pac. 105.

The garnishor has to make out a case against the garnishee (when permitted to do so) unless the indebtedness to the defendant be admitted by the garnishee.

Keene v. Smith (Ore.), 75 Pac. 1065;

Baker v. Eglin (Ore.), 11 Ore. 333;

O. R. & N. v. Gates (Ore.), 10 Ore. 514.

If an attaching creditor has knowledge of latent equities, or sufficient notice to put him upon inquiry, his attachment is subject to such equities.

Osgood v. Osgood (Ore.), 56 Pac. 1017;

Rhodes v. McGarry (Ore.), 23 Pac. 971;

Meier v. Hess (Ore.), 32 Pac. 755.

It is not a decisive test, though a usual one, that the principal defendant be able to maintain an action or suit against the garnishee, in order for garnishment to lie.

Graf v. Wilson (Ore.), 125 Pac. 1005.

(Not necessary in this case. The debtor had a claim against the county for his wages as a laborer. Before he could sue, it would be necessary for him to present his claim to the auditor. Held, that this claim could be reached by garnishment, although it had not been presented, as the debtor might otherwise defeat creditor's right by not presenting claim.)

The rights of the garnishor are no greater than those of his debtor.

Ford v. Aetna (Wash.), 126 Pac. 69.

(Case of indemnity insurance. There was a provision in the policy that no right of action accrued until actual loss was sustained and paid in money. Held—this was indemnity only against loss actually sustained and not against liability. Third party could not garnish, as there was no debt until the principal debtor has suffered loss.)

Bellingham v. Brisbois (Wash.), 44 Pac. 153;

McAlmond v. Bevington (Wash.), 63 Pac. 251;

Mervin v. Fowler (Wash.), 56 Pac. 374.

Garnishment is, in effect, only an assignment of the claim from the debtor to the creditor. The creditor gains no more or greater rights than the debtor had, and the garnishee loses no rights. And the payment of the money can be enforced only by ordinary action.

Schloredt v. Boyden (Wyo.), 64 Pac. 225.

IV. 8. LIABILITY OF GARNISHEE.—The position of the garnishee has been likened to that of a trustee or stakeholder. He is warned by the service of the writ and notice to hold all property of the defendant

which may be in his hands or under his control, and to refrain from paying any debt which may be owing from him to the defendant. He must not, thereafter, favor either party to the action; but he must let the law decide to whom he shall pay the money or transfer the property in his possession. He must not dispose of the money or property to either party, or on their order, until the action has been disposed of, and then he is bound by the judgment or order of the court. Should he dispose of the property, he is liable in a suit brought by the party injured by his act. The garnishee can not be held liable for a larger amount than the sum of money or the property in his hands; and, unless he has wrongfully resisted the plaintiff or has fraudulently disposed of the property, he is not liable for costs. Where he has conducted himself as required by the statute, he is generally allowed any costs necessarily incurred, and in some States, he is allowed fees and mileage as a witness.

A garnishee can only be required to answer as to his liability to the debtor defendant at the time of service of the garnishment. The garnishment is an attachment of existing debts and whatever does not exist can not be attached.

Norris v. Burgoyne, 4 Cal. 409.

Upon proceedings supplementary to execution, where it appears that there are other persons claiming liens on money in the possession of the garnishee, the court can not properly order that the garnishee shall pay money in its possession to the plaintiff, but is authorized only to make an order to the effect that the plaintiff may bring an action against the garnishee as provided by 720 C. C. P., to which action other persons claiming liens upon the money by prior attachments might be made or become parties, to the end that all adverse claims might be adjudged and conclusively settled in such action, so that the garnishee would thereby be protected against them.

Deering v. Richardson Kimball Co., 109 Cal. 73.

Under the provisions of 714 C. C. P., a debtor of a judgment debtor may be fully examined as to property, credits, money or other assets in his possession or under his control. Witnesses may be examined, and the judge may order any property of a judgment debtor to be applied towards the satisfaction of the judgment. If it appears that the person alleged to have property of the judgment debtor or to be indebted to him claims an interest in the property adverse to him or denies the debt, the court or judge may authorize, by an order made to that effect, the judgment creditor to institute an action against such person for the recov-

ery of such interest or debt. (In this case plaintiff did not comply with the section—defendant had not been examined—no order had been made as to the application of assets or authorizing the suit. Therefore, it is clear that the proceeding contemplated by the code has been entirely ignored—and plaintiff is suing one whom he does not even claim is indebted to him.)

Matteson, etc., Mfg. Co. v. Conley, 144 Cal. 483.

(Of Herrlich v. Kauffman, 99 Cal. 271, for distinction between liability under attachment and execution.)

An order in proceedings supplementary to execution directing a garnishee to apply a sum due to the judgment debtor to be paid to the judgment creditor is in effect a judgment, which, if not appealed from, is *res adjudicata*, and conclusive in any other action between the garnishee and the judgment creditors.

Societa di Mutuo Socorso v. Mantel, 1 Cal. App. 107.

The garnishee is not answerable for effects of defendant coming into his hands, or indebtedness accruing from him to defendant after the garnishment and before answer.

Bragdon v. Brandt, (Colo.), 64 Pac. 248.

The liability of the garnishee is not changed by the fact that a writ has been issued and served upon him, except that the rights of his creditor, or the person whose property he holds, have been transferred to the plaintiff in the action. He has the same right to set up any defense to the action, or any counter-claim or set-off, that he would have were an action brought against him by the defendant. It seems that the only case in which this rule would not apply would be where there has been a fraudulent transaction to defeat creditors. Where the garnishee has paid the debt or delivered the property in his possession under a valid judgment, or where, if the statute so provides, he has turned over the money or property to the proper officer, he will be protected against any subsequent proceedings on the part of his creditor. The mere fact that a suit in garnishment is pending is no defense to an action by his creditor, nor is the fact that a garnishment proceeding is pending in another court a defense. The garnishee should set up in his answer, however, the pendency of the other action, and the court will grant either a stay of proceedings, or, in case it permits the case to go to judgment, a stay of execution, so that only property left in the garnishee's hands after satisfying any prior judgment shall be liable under a judgment rendered in the garnishment proceeding. The rule is that the garnishee should be carefully protected, and not put in any worse position than before the garnishment.

He should not be forced to pay the debt twice, unless he has been careless or negligent, or has wilfully acted contrary to the order of the court.

As a general rule, the garnishee may offset against the claim of the judgment creditor whatever demand he might be able to set off against the claim of the judgment debtor against him.

Carter v. L. A. Nat. Bank, 116 Cal. 370.

But the set-off which may be claimed by the garnishee must be one which existed at the time of the garnishment.

Nordstrom v. Corona City Water Co., 155 Cal. 206.

If the obligation of the garnishee to the judgment debtor is not barred, the statute of limitation has no application. "As to the statute of limitations, if the garnishee is entitled to the plea as against the defendant in the attachment suit, he can plead it. The liability created by the garnishment is never barred."

Carter v. L. A. Bank (supra);

Nordstrom v. Water Co. (supra).

The garnishee may plead any defense which he has against his creditor, or that the debt of that attaching creditor has been satisfied, or that he has failed to recover judgment; or that the judgment has been reversed or barred; and any other claimant of the funds in the hands of the garnishee may intervene, and plead the latter defenses against the attaching creditor, but neither the intervenor nor the garnishee can plead the statute of limitations to the liability arising distinctly out of the garnishment.

Carter v. Bank (supra).

The liability of the garnishee is to be determined as of the time the summons is served.

Fleming v. Baxter, (Colo.) 38 Pac. 57.

In order to recover against a garnishee, it must be shown affirmatively, either by his answer or by evidence aliunde, that he has property of the defendant in his possession, of a description which will authorize his being charged, or that he is indebted to the defendant. The law will not presume him liable, nor will he be required to show facts entitling him to be discharged, until at least a prima facie case is made against him. *Id.*

Garnishee is not liable for paying debtor after quashing defective service and before service of a new writ and notice. (The service of the defective notice is not a warning that another writ will be served, and even if it were, would not be binding).

Henkel v. Bimetallic Bank (Colo.), 58 Pac. 336.

It is an invariable rule that under no circumstances shall a garnishee, by the operation of proceedings against him, be placed in any worse condition than he would if the defendant's claim were enforced by the defendant himself.

Sauer v. Town of Nevadaville (Colo.), 23 Pac. 87;

Jones v. Langhorne (Colo.), 34 Pac. 997;

Marks v. Anderson (Colo.), 26 Pac. 168;

Hallowell v. Leafgreen (Colo.), 32 Pac. 79;

Bickman v. Abernathy (Colo.) 23 Pac. 447.

The judgment against the defendant must be a lawful and valid one. If it be void, the judgment against the garnishee is also void. It is of the first importance, therefore, for the garnishee to see that the judgment against the defendant was not only by a court with jurisdiction of the subject-matter, but that jurisdiction of the defendant, or of the property or credit, was obtained in the manner pointed out in the statute. Against a judgment sought against himself, which is based on a void judgment against the defendant, he must defend to the last, and is ordinarily compelled to defend alone. When the garnishee pays a judgment against himself, which is based on a judgment against defendant, rendered without jurisdiction, he is not protected by such payment against a subsequent action brought by the principal defendant or other creditor. When there is no judgment against the defendant, or a judgment that is void for want of jurisdiction, and the court erroneously render judgment against the garnishee, it will not be binding on the defendant, who was not a party to the proceedings.

McPhee v. Gomer (Colo.), 41 Pac. 836.

Mills Ann. Code No. 130—Garnishee may retain or deduct out of the property in his hands all demands against defendant which he might have pleaded in an action by defendant.

In no case (in the absence of fraud) shall he be placed in a worse position than if the action were by his creditor.

Tabor v. Bank of Leadville (Colo.), 83 Pac. 1060;

Sauer v. Nevadaville (Colo.), 23 Pac. 87.

Under R. L. 2115, A and B, a garnishee is entitled to any lawful set-off accruing before final judgment.

Shaw v. Boyd, 19 Haw. 83.

Where defendant (creditor) brings action against garnishee, he may have the proceedings stayed until the determination of the garnishment

proceedings, by a motion based upon affidavit, showing the pendency of the other action.

Van Ness v. McLeod (Idaho), 31 Pac. 798.

If the liability of the garnishee is certain, and the only uncertainty which exists is as to the amount of the liability, then the debt, whatever it may be, is subject to attachment.

Dolenty v. R. Mt. Bell Tel. Co. (Mont.), 108 Pac. 921.

While a garnishee may plead judgment, he can not plead in a bar the pendency of garnishment proceedings against him in defence of a suit brought against him by his immediate creditor.

Harlow v. Ormon (N. Mex.), 6 Pac. 935.

Where a warehouseman, as garnishee, has made a certificate that he has certain grain received from the defendant, and for which negotiable receipts were issued, which are outstanding, and learns before judgment is recovered in the suit against the defendant that such receipts have been transferred, he is under no obligation to notify plaintiff, not amend his certificate; nor does such failure estop him from showing such fact when an attempt is made to hold him for the grain as garnishee.

Adamson v. Frazier (Ore.), 66 Pac. 810.

The liability of a garnishee indebted to the defendant is a personal liability to respond to the extent of the debt.

Barr v. Warner (Ore.), 63 Pac. 899.

(Where he holds property, the proceeding creates a lien upon the property, which may be followed into the hands of a purchaser with notice.—Id.)

The garnishee is a mere stakeholder and as such has no right to favor either party. Where he admits indebtedness to the defendant in his certificate, knowing, or having reason to believe, that the debt is really owing to a third party, entry of judgment will not protect him in a subsequent suit by the third party.

Mullaney v. Evans (Ore.), 54 Pac. 887.

(Sale of hay. Husband signed contract, but hay belonged to wife, and garnishee had paid her part of the purchase price.)

Phipps v. Rieley (Ore.), 16 Pac. 185;

Dawson v. Maria (Ore.), 16 Pac. 413.

Property garnished in the hands of a third party is in the custody of the law, and garnishee can not dispose of it.

Carter v. Koshland (Ore.), 12 Pac. 58.

As against the garnishing creditor, the garnishee holding the property of the principal debtor fraudulently is a wrong doer and his possession is not rightful.

E. B. Millar & Co. v. Plass (Wash.), 39 Pac. 957.

Payment by an insurance company of the amount of a judgment against it on a policy to the clerk of the court, with the direction to pay all garnishment liens existing against the fund, made without order of the court and notice to the parties as required by Code Proc. 153, 154, will not discharge the company from liability under a garnishment lien of which it had notice, if the clerk fails to pay it, though the garnishment proceedings were not indexed by the court.

Ward v. Ward (Springfield (Wash.)), 45 Pac. 312.

By the service of a garnishment process, the garnishee becomes liable to the plaintiff in the attachment for any debt he then owes to the defendant in that suit.

Hudson Coal Co. v. Hauf (Wyo.), 109 Pac. 21.

V. SERVICE.—In order that the court may acquire jurisdiction of the person of the garnishee and of any property of the defendant or of any debt owing to the defendant, it is necessary that service of process be made in the manner required by the laws of the State. Two kinds of service are necessary in garnishment proceedings:

1. Service upon the principal defendant of the necessary process in a civil action; and,

2. Service upon the garnishee of such process as the statute prescribes.

The garnishee is bound to see that there has been sufficient service upon the defendant in the main action, or he will not be protected by the payment of any judgment rendered against him. This service must have been either a personal service, or service by publication. Where service was obtained by publication, the garnishee should be particularly careful to see that all the provisions of the statute dealing with service by publication were complied with. Where the debtor is not a resident of the State, or where it is a foreign corporation which has no managing agent or other officer in the State upon whom service could be made, the only valid judgment which could be rendered would be one in the nature of a judgment in rem, against such property as may have been seized under the writ. Therefore if the property was not properly brought under the control of the court, or if the attachment or garnishment pro-

ceedings were not regular, the court would have no jurisdiction, and a judgment against the garnishee would not protect him.

Personal service upon the garnishee is almost universally required, the usual method being to leave a copy of the writ and a notice specifying the property attached with the person to be held. Garnishment or attachment exist merely by virtue of the statute of the State, and it is necessary to look to the laws of the State in order to determine just what course must be pursued in order to make a valid service. Proper service is jurisdictional, and it must be made upon the person and in the way specified in the statute.

Under the California statute "debts, credits and other personal property, not capable of manual delivery, must be attached by leaving with the person owing such debts, or having in his possession, or under his control, such credits and other personal property, or with his agent, a copy of the writ, and a notice that the debts * * * are attached." C. C. P. 542.

Kennedy v. Hibernia S. & L. Soc., 38 Cal. 151.

And they must be attached in that manner.

McBride v. Fallon, 65 Cal. 301;

Latham v. Blake, 77 Cal. 646.

And the provisions of the statute must be strictly followed or no rights will accrue.

Gow v. Marshall, 90 Cal. 565;

Blanc v. Paymaster Min. Co., 95 Cal. 524;

Lonkey v. Mining Co., 21 Nev. 317;

Karns v. State Bank (Nev.), 101 Pac. 566.

Judgment v. garnishee without valid service of process is void.

Rice v. Amer. Nat. Bank, 31 Pac. 1024.

Service on the bookkeeper of a corporation, in the absence of any showing that he was authorized to accept the same, is clearly defective.

Ferriera v. Kamo, 18 Haw. 593.

Must be on garnishee personally.

Hackfeld v. Kavanagh, 6 Haw. 659.

"It will be seen that the statute requires that the garnishee shall be served with the writ of attachment with notice that any property, or money, etc., in his hands has been attached, and with interrogatories, the answer to which is required."

"The right of attachment is purely of statutory regulation, and, where the statute provides the procedure in such cases, the plaintiff is

required to pursue such course in order to sustain his action against the garnishee."

Eagleson v. Rubin (Idaho), 100 Pac. 765.

Service must be upon the garnishee personally, and not upon his attorney.

Carter v. Koshland (Ore.), 8 Pac. 556.

The delivery to a garnishee of a copy of the writ of attachment, together with a notice to the effect that the officer thereby "attached all debts, property, money, rights, dues and credits of every nature in his hands or under his control" is a valid garnishment, and sufficiently specifies the property attached.

Barr v. Warner (Ore.), 62 Pac. 899;

Batchellor v. Richardson (Ore.), 21 Pac. 392.

Service upon the garnishee may be had upon the garnishee wherever the debt might be enforced against the defendant could be served.

Bristol v. Brent (Utah), 110 Pac. 357.

"Compiled Laws 1907, Sec. 3092, provides that in garnishment before judgment or in aid of an attachment (the proceedings upon a writ issued after judgment being identical) a writ of garnishment must issue, following a prescribed form, which must be directed to the one intended to be made garnishee. * * * 3093 provides that the writ must be served as a summons is required to be served. * * * 3094 provides that, upon the return of the officer showing due service, the court has jurisdiction to proceed against the garnishee and the funds in his hands. * * * 3112 relates to garnishment after judgment, and provides that, where an execution remains in the hands of the officer unsatisfied, a writ of garnishment may issue and the property of the judgment debtor may be reached by serving the writ on the person having it in his possession.

Held—that to confer jurisdiction upon the court, service of the writ of garnishment required by statute is necessary, and where only a copy of an execution was served upon a person, with a notice that property in his hands belonging to the execution debtor had been attached, and that it should not be transferred to anybody, except the serving officer, with a request to furnish a statement, the court did not obtain jurisdiction.

Cole v. Utah Sugar Co. (Utah), 89 Pac. 681.

In order to make the garnishment valid, it is absolutely necessary that the provisions of the statute be strictly followed, as they are jurisdic-

tional, and therefore essential. Where the court had no jurisdiction, the defendant can raise the point at any time, and the garnishee will not be protected by an order or judgment. It is a well recognized principle of the law that the garnishee occupies the position of a stakeholder or trustee, and he is compelled to be impartial in his attitude toward the garnishor and the defendant. He may, however, by appearing, waive mere irregularities or defects in the process or service, which might render them voidable; but he can not waive any rights of the defendant or can not cure jurisdictional defects which would make the process void. It is quite generally held that by appearing the garnishee may waive personal service where there has been service on his agent or attorney, or where the process has been left at his home or office. A corporation may waive service upon the proper officer by appearing when service was made upon one not mentioned in the statute.

The garnishee can not waive the rights of the defendant.

Henkel v. Bimetallic Bank (Colo.), 58 Pac. 336.

A garnishee is bound to take advantage of all jurisdictional defects, otherwise judgment against him is no defense.

Tabor v. Bank of Leadville (Colo.), 83 Pac. 1060.

Although service upon the bookkeeper of a corporation, in the absence of any showing that he was authorized to accept the same, is clearly defective, it is waived by appearance. General appearance by garnishee is waiver of any defective service.

Ferriera v. Kamo, 18 Haw. 593.

Where process had been issued and served upon the garnishee and he had made answer, and the court ordered examination under oath, service of the order upon the attorney is not sufficient to confer upon the court jurisdiction to enter judgment, unless the parties waive the service by appearing.

Carter v. Kashland (Ore.), 8 Pac. 556.

The allegations required by Sec. 164, Hill's Code, which provides that before a garnishee shall be required to appear, plaintiff may serve on him written allegations and interrogatories touching any of the property liable to attachment as property of the defendant, are in the nature of a complaint, and where they are not served, no valid judgment can be rendered against the garnishee, although he waive service. (Held—the court would have no jurisdiction of the subject matter.)

Smith v. Conrad (Ore.), 31 Pac. 398.

Proceedings subsequent to the garnishment are personal to the garnishee and may be waived by voluntary appearance. But a garnishee stands in the position of a stakeholder, and therefore can not waive service of the process by which the property in his hands, or the debt due from him to the principal debtor is garnished.

Altona v. Dabney (Ore.), 62 Pac. 521.

A garnishee may waive many irregularities in the notice of garnishment, and by his certificate or answer in response thereto submit himself to the jurisdiction of the court, and thus become in privity with, and in effect a party to, the judgment which has been or may be rendered against his creditor; but, while a garnishee may waive jurisdiction of his person, he can not, by voluntarily appearing, waive the defendant's rights.

Barr v. Warner (Ore.), 62 Pac. 899.

While mere defects in the service or in the writ of garnishment which are not jurisdictional are waived by the voluntary appearance of the garnishee, where the court obtains no jurisdiction because of failure to comply with the statute requiring service of a writ of garnishment, the garnishee by appearing can not waive the jurisdictional defect.

Cole v. Utah Sugar Co. (Utah), 99 Pac. 681.

While service on an individual, as garnishee, must be personal—or, if permitted by the statute, on his agent—service on a corporation is governed entirely by statute, as a corporation is a creature of the law and must look entirely to the law for its guidance. All the functions of the corporation must be performed by its agents, and service must be made upon an agent appointed for that purpose, either by the corporation or by the law of the State. It is generally provided that service shall be made on a “managing agent” of the corporation; i. e., the president, manager, cashier, etc.

“Corporations usually have numerous ‘agents’ for the different departments of their business. An insurance company may have, besides the chief officers, numerous soliciting agents in various portions of the State; and, in one sense, every superintendent or conductor on a railroad is an agent of the company, and every master or clerk of a steamboat is, to a certain extent, the agent of the owner. And yet, it would scarcely be claimed that an insurance company would be bound by a garnishment served on one of its traveling agents, or a railroad by a service on a conductor, or a navigation company by a service on a master, clerk or mate of one of its

boats. We hold, therefore, that its service be made on the 'agent' of a corporation, it must be on the 'managing agent.'"

Kennedy v. Hibernia S. & L., 38 Cal. 151;

Blanc v. Paymaster Min. Co., 95 Cal. 524.

Special provisions are made by the statutes of the various States for service upon insurance companies. These statutes generally provide for the appointment by the company of agents authorized to accept service; and, in case the company fails to appoint such an agent or attorney, for service upon the insurance commissioner, the secretary of State, or some other public officer.

The notice served upon the garnishee must specify the person sought to be held as garnishee, and must also specify the property to be garnished or attached, and the name of the defendant in the principal action, i. e., the party to whom the debt is owing, or to whom the property belongs.

However, "a mistake in the name of a natural person may be corrected by amendment of a pleading; and the misnomer of a corporation in a pleading has the same legal effect as the misnomer of an individual. The misnomer of a corporation in any written instrument does not invalidate the instrument if it can be reasonably ascertained from it, what corporation is intended. (Civ. Code, sec. 357; *Underhill v. Santa Barbara, etc., Co.*, 93 Cal. 314; *Donohoe-Kelly Banking Co. v. Southern Pacific*, 138 Cal. 192; *People v. Sierra Buttes, etc., Min. Co.*, 39 Cal. 514.) The court may, in furtherance of justice allow a party to amend any pleading by correcting a mistake in the name of a party." (C. C. P., 473.)

Nisbet v. Clio Min. Co., 2 Cal. App. 441.

"The notice of garnishment was addressed to the Donohoe-Kelly Company, instead of the Donohoe-Kelly Banking Company, and it is claimed for this reason the notice is void. There is not pretense that the notice was not served on the right party, i. e., 'the person owing such debts,' (C. C. P. 542)—and the levy was made as required by law. No question is made that the corporation intended to be reached was the Donohoe-Kelly Banking Company. The point is not well taken."

Donohoe-Kelly Banking Co. v. S. P., 138 Cal. 183;

Wilcox v. American Sav. Bank (Colo.), 40 Pac. 881.

A notice of garnishment under a writ describing only "moneys, credits and effects of said defendants, or either of them," as being attached does

not include any indebtedness due from the garnishee to one of the defendants, nor create any liability therefor to the attaching creditor.

Clyne v. Easton, Eldridge & Co., 148 Cal. 287.

A garnishee is unaffected by notice served upon him, wherein the middle initial of the person named is different from that of a person to whom he is indebted, unless he is shown to have actual knowledge that his debtor and the person so named are the same.

German Nat. Bank v. Nat. State Bank (Colo.), 31 Pac. 122.

A notice in garnishment proceedings to a person as "manager" without specifying of what he was manager and served upon that person individually as shown by the officer's return, stating that property in his hands belonging to the debtor had been attached, etc., was not notice to the company of which he was manager.

Cole v. Utah Sugar Co. (Utah), 99 Pac. 681.

VI. ASSIGNMENT.—Where an assignment has been made by the principal debtor to a third party, for a good or valuable consideration, before the garnishment, the writ will not reach the property assigned. The assignment divests the assignor of any title, transferring it to the assignee, so that the garnishee has no property of the principal debtor in his hands at the time of the service of the writ. The writ of garnishment is directed to any money, goods, effects, assets or property of the defendant and can not reach money or property where the title to that property has passed to a third person. The debtor has divested himself of title and can not bring an action against the garnishee, and the garnishor stands in no better position than his debtor. Negotiable instruments, debts not yet due and other choses in action may be assigned. The assignment will operate to divest the title of the defendant, even though no notice is given to the garnishee until after the garnishment. The mere lack of notice to the garnishee is not such a defect that the assignment will be invalidated. However, to be effective, notice of the assignment must be given to the garnishee before judgment in the garnishment action. This notice must be actual notice to the garnishee, so that he can set up the fact of the assignment and protect himself from a double liability for the debt. The general practice is for the garnishee to set up the fact of the assignment and take the necessary steps to make the claimant intervene. If the garnishee had notice of the assignment before the garnishment and did not set it up in his answer, he will not be protected by any payment or surrender under a judgment or order of the court. Where the garnishee had no notice of the assignment, but voluntarily paid the money or turned

the property over to the sheriff, he will not be protected, as the act is considered voluntary. Where no notice was given until after judgment, it is of no effect and can not bind the garnishee. The giving of a bill of exchange does not operate as an assignment until it has been accepted. Giving a check drawn against funds in a bank standing in the name of the drawer does not operate as an assignment of that amount, until the check has been accepted or certified by the bank. If the assignment was fraudulent, it will not defeat the garnishment—but the burden is on the plaintiff to prove that it was fraudulent. Where the assignment does not include all the effects of the debtor in the possession of the garnishee, the writ will reach any surplus which may remain.

The fact that no notice of an assignment has been given prior to garnishment is no bar. "The judgment creditor can only obtain that which the debtor can lawfully part with, having regard to the rights of others."

Gray v. Hoffer, V. B. C. 56.

A garnishment does not give the creditor precedence over assignees of a fund, when the assignment was prior to the service of the garnishment, although notice of the assignment is served after the garnishment.

Walling v. Miller, 15 Cal. 38.

If the judgment creditor assigns the judgment, and the judgment debtor without notice of the assignment, afterwards pays the same voluntarily to the sheriff by reason of the service of garnishee process upon him, the rights of the assignee are not affected, and he may still enforce the judgment. "At the time the defendants herein paid the two debts they were not indebted to Brown (the assignor). They were, in legal judgment the debtors of the assignee, to whose representatives the judgment would have survived in case of his death."

Brown v. Ayres, 33 Cal. 525.

Where assignee has notice of supplementary proceedings, and failed and refused to attend the same, he is estopped from making any claim or from denying that garnishees were entitled to the money.

Societa de Mutua Socorso v. Mantel, 1 Cal. App. 107.

The delivery of an ordinary check upon a bank for part of the fund standing therein to the credit of the drawer, does not, prior to its presentation, operate as an assignment of the fund pro tanto and a garnishment of the fund under execution as belonging to the drawer will prevail over all unrepresented and unaccepted checks previously drawn thereon.

Donohoe-Kelly Banking Co. v. S. P., 138 Cal. 183.

Property validly assigned can not be reached by garnishment, since it no longer belongs to the assignor.

Lewis v. Bd. of Comm. (Colo.), 23 Pac. 338;

Denver, T. & Ft. W. R. v. Smeeton (Colo.), 29 Pac. 815.

Where assignee had issued time check to defendant for work and labor done and is garnished, and answers before the court in the presence of the assignee and defendant, telling the facts and saying that if the check has not been assigned he is indebted, and judgment is rendered against him, it is a bar to a future action by the assignee. (The assignee had notice and should have asserted his claim.)

Drennan v. Ross (Colo.), 29 Pac. 1041.

An assignment vests in the assignee the ownership of the indebtedness, and after the notice of the assignment, the garnishee is the debtor of the assignee and not of the assignor.

Kitzinger v. Bech (Colo.), 35 Pac. 278.

Verbal assignment is good.

Hughes & Spruance (Colo.), 25 Pac. 307;

Lewis v. Bd. of Comm. (Colo.), 23 Pac. 338;

V. P. v. Gibson (Colo.), 25 Pac. 300.

Where the defendant has made a valid assignment or conveyance of the debt or property before service of summons on garnishee, the latter can not be charged on account of such debt or property.

Cunningham v. Bank (Idaho), 88 Pac. 975;

Van Ness v. McLeod (Idaho), 31 Pac. 798;

Porter v. Title C. & D. Co. (Idaho), 21 Ida. 314.

A check does not operate as an assignment of any part of the funds in a bank until it has been accepted or certified by the bank.

Kaesemeyer v. Smith, 22 Ida. 1.

Debtor assigned all its money (consisting of a deposit in a bank in another town) to creditor, each entering the transaction on its books as completed. Debtor sent bank a telegram to transfer amount on its books. Owing to a misunderstanding this was not done and the bank was garnished. Held—there had been an actual assignment and the telegram was merely a notice and not an unaccepted check.

Oppenheimer v. First Nat. Bank (Mont.), 50 Pac. 449;

Phipps v. Rieley (Ore.), 16 Pac. 185.

A bona fide assignee of a chose in action has priority over a subsequent attaching creditor of the assignor whose garnishment was served upon the

debtor before notice of the assignment (though No. 150 Hill's Ann. Laws provides that from the date of the attachment until it is discharged, or the writ executed, plaintiff, as against third persons, shall be deemed a bona fide purchaser for value of the property attached).

Meier v. Hess (Ore.), 32 Pac. 755.

Notice is not necessary to complete the assignment—but the assignment will not be binding upon the debtor, if he be forced to pay the debt to a third party before notice.—Id.

Action against insurance companies as garnishees—proofs of loss made out before garnishment showing claim of third party as mortgagee, shows a good assignment.

Wheatman v. Kane (Wash.), 104 Pac. 258.

Where the assignment is conditional and is not delivered to or accepted by the creditor before garnishment, it can not affect the garnishee.

Nixon v. Joshua Hendy Machine Wks. (Wash.), 99 Pac. 11.

As to third parties, an assignment is good without notice to the debtor, but as to him, there must be notice in order to charge him with the duty of making payment to the assignee, for if, in the absence of notice, he pay the debt, he will be exonerated from paying it again to the assignee. The obligation of the garnishee to state the assignment in his answer is not dispensed with by the fact that the assignee knew of the garnishment and might have intervened. An assignment of a debt will protect the rights of the assignee from a subsequent attachment against the assignor, though no notice may have been given to the debtor before the attachment, if it be given in time to enable him to take advantage of it before judgment against him as garnishee.

Bellingham Bay Boom Co. v. Brisbois (Wash.), 44 Pac. 153.

It is the duty of the garnishee to amend his answer at any time before judgment upon receipt of notice.—Id.

Where check is given for debt and accepted, original indebtedness is extinguished and the only right of action is on the check.

Larsen v. Allan Line S. S. Co. (Wash.), 88 Pac. 853.

Nor was respondent under any obligation to stop payment on the checks after the service of the writ.—Id.

(Strong case, as these checks were sent to Chicago as a deposit, just to prevent any moneys of defendant from coming into the jurisdiction of the court.)

R. drew a draft on P. in favor of the S. bank, which the T. bank had in its possession when it was garnished by a creditor of R. after the

draft was accepted by P. and before its payment. Pending collection, the S. bank permitted R. to check against the amount thereof; but it appeared that the bank had a rule that in recovering collections it acted only as an agent, and that where a draft was given it, the deposit thereof was credited with the amount thereof, and the draft was not paid, it was charged back to such depositor. Held—that the draft did not belong to the S. bank, but to R. and was therefore subject to garnishment by his creditors in the hands of the T. bank.

Wash Brick L. & Mfg. Co. v. Trader's Nat. (Wash.), 89 Pac. 157.

VII. ANSWER.—Where a party has been served with process, he must answer thereto in a legal way. The laws of the State in which the garnishment proceedings take place control and it is necessary to look to those laws to see what is required of the garnishee and what are the penalties imposed for failure to live up to their requirements. A written answer is not generally required of the garnishee, except where interrogatories have been served upon him by the creditor. The statutes provide when the answer shall be filed and what must be stated therein. Where a written answer is required, it is generally provided that the answer must be made on oath. The garnishee must be careful about filing his answer within the time allowed, in order that default shall not be entered against him. As the position of the garnishee is that of a stakeholder, he must be absolutely impartial and set forth all the facts known to him, without favoring either party. It is also necessary for his own protection that he set forth all defenses of which he might avail himself as against the defendant and any counterclaims or debts due to him from the defendant. He must also set forth all assignments or claims of third parties of which he may have knowledge, for he will not be protected by a judgment in the garnishment suit if he has knowledge of an assignment and does not allege it in his answer. He should also set forth all other garnishments or attachments or suits pending.

If the garnishee has a good counterclaim against the defendant, and fails to set it up, he will be barred from asserting it at a later date. If he knows of facts which would defeat an action on the part of the defendant, or if he knows of assignments to, or valid claims of, third parties and does not set them forth, he will not be protected by a judgment or by an order to pay the money or deliver the property which is in his hands.

If the garnishee is indebted to the defendant, but the claim has been assigned, or if there is some special defense, he should not enter a general denial of liability, but should set forth specifically the facts upon which

he intends to rely. He will not on the trial be allowed to make a special defense under a general denial.

If the defendant is before the court, the only duty of the garnishee is to see that the court has jurisdiction over the defendant and that a judgment is properly entered. He can not set forth any defenses which the defendant might avail himself. However, where the defendant is not before the court in person, the garnishee should see that the court has jurisdiction of the subject matter of the action; as otherwise a valid judgment could not be entered and the garnishee would not be protected by any judgment rendered or order made.

The answer should set forth clearly what was due or owing from the garnishee to defendant, or what property was in the garnishee's hands, at the time of the service of the writ. In the absence of statutory provisions to the contrary, garnishment will not reach debts not yet due, nor will it bind effects coming into the hands of the garnishee after the service of the writ.

The garnishee is also entitled to set up any counterclaims that he might have set up had the action been brought by the defendant himself. He may also retain enough to satisfy all demands accruing to him before the service of the process and payable at the time of judgment.

The garnishee may set forth on information or belief matters concerning which he can not give his oath, and may include in his answer statements or letters of third parties which would effect his liability, provided that he states that he believes them to be true.

The statutes generally provide either that the plaintiff file interrogatories, directed to the garnishee, when the writ is issued, or that plaintiff may file such interrogatories after answer has been made to the officer serving the writ. Where the interrogatories are filed in the first instance, the answer of the garnishee must be to those interrogatories, provided they are pertinent or relevant. The object of the procedure which provides for interrogatories after service is to obtain a full and complete statement of the relation between the garnishee and the debtor, where the garnishee has not fully answered. If the answer of the garnishee be evasive, or if he does not answer all relevant questions, he renders himself liable to default.

Some of the States also provide for an examination under oath before some designated officer or judge of the court. The answer given by the garnishee to the interrogatories or at the oral examination are considered

supplementary to the answer already given, and are considered together with it as the garnishee's answer.

Where the garnishee has been misinformed, or was honestly mistaken, in the statements set forth in the answer, it is generally left within the sound discretion of the court to allow him to amend. This also applies to information which has come to the knowledge of the garnishee since the filing of the answer. The courts, however, are loath to permit amendments where the original answer was clearly evasive.

While the garnishee's answer is really in the nature of a pleading, it is admissible in evidence only on behalf of the plaintiff. It is the evidence upon which the plaintiff's judgment must be based—unless plaintiff has proved that the answer is false—and any ambiguities or evasive statements must be construed against the garnishee. The garnishee should, therefore, make his statements and answers as clear and concise as possible.

The court will consider the whole answer in arriving at the liability of the garnishee, and all statements which have not been proven false by the plaintiff will be deemed to be true. It is usually provided, also, that unless the plaintiff excepts to the sufficiency or truthfulness of the garnishee's answer within a certain specified time, it shall be considered as true and sufficient. Where, however, the garnishee fails to answer, such default is considered as an admission of liability.

Where the answer of the garnishee admits liability, and judgment has been obtained against the defendant, judgment may also be had against the garnishee. This judgment may not, however, be for a larger amount than that shown in the answer or by proof offered by the plaintiff, nor may it be for a larger amount than the judgment recovered against the defendant.

Where the answer denies liability, and the denial is not refuted by the plaintiff, or the answer is not excepted to within the time allowed, the garnishee must be discharged. If the defendant is not before the court in person, but service has been had upon him only by publication and attachment of his property, judgment for the garnishee operates as a dismissal of the suit against the principal defendant.

In order to make the garnishee liable, the answer must show that the garnishee, *at the time of the service upon him*, was indebted to the defendant or had property of the defendant under his control. The debt must have been due or to become due absolutely, and not one that was contingent or liable to be defeated by some condition. It must also have been a legal debt; i. e., one that would support an action at law.

"Under our attachment laws a garnishee is not required and has no right to appear in the action. The only answer he makes is to the sheriff at the time of the service of the writ, and that relates only to the property actually attached which he has in his possession or under his control. He has nothing to do with the return of the writ; unless it should be false in some particular which would subject him to a liability beyond that warranted by the facts."

Clyne v. Easton, Eldridge & Co., 148 Cal. 287.

Under the California statute the garnishee is merely required to give an inventory of the property in his possession or the debts due to the defendant. He may be required to appear before the judge and answer under oath as to the effects in his possession.

The "court should allow a garnishee to amend his answer whenever it appears that he has committed a mistake or fallen into an error which could not reasonably have been avoided."

Smith v. Brown, 5 Cal. 118.

"The answer of the garnishee is given in response to interrogatories. The law provides for no other answer. It is made with reference to the facts existing at the time of the service of the writ of garnishment. If at that time the garnishee owes the defendant a debt, or has personal property of the defendant in his possession, or under his control, he must so answer, and abide the judgment of the court. But if at that time he is not indebted to the defendant, or has not in his possession or under his control any property of the defendant, he is entitled to a discharge."

Bragdon v. Bradt (Colo.), 64 Pac. 248.

(When he has filed his answer, his right is exhausted, and a paper filed as a supplementary answer is not a pleading for any purpose connected with the record.—Id.)

(This was a case where the garnishee was in possession of a stock of goods under a mortgage, selling them to pay the mortgage. He set this up in his answer. Held—this was a practical denial of indebtedness, and although it later appeared that there would be a part of the property left after paying the mortgage, at the time of service the title was in the garnishee, and there was nothing to garnish.)

Where the answer of the garnishee acknowledges indebtedness to the defendant and he had notice of the assignment of the debt (prior to filing his answer) any judgment rendered against him will not discharge the indebtedness (as to the assignee).

Kitzinger v. Beck (Colo.), 35 Pac. 276.

(C. L. No. 1710-1723 (1710, 1712, 1720) permit a garnishee to appear personally and make his disclosure under oath at the trial or at any time before the trial between the plaintiff and defendant and does not require a written answer from him or permit an order of default against him before such trial.)

Bank of Hawaii v. Parke, 15 Haw. 645.

"Thus it will be seen that the statute requires that the garnishee shall be served with the writ of attachment, with notice that any money, property, etc., in his hands has been attached, and with interrogatories, the answer to which is required, and he is given full opportunity to answer the same. By such notice he is fully advised of the claim made by the plaintiff and full opportunity to answer the same. The issue formed under the statute, consisting of his answer, the plaintiff's answer thereto, and his reply, presents an issue of fact which under the statute is required to be tried as an ordinary issue between plaintiff and defendant."

Eagleson v. Rubin (Idaho), 100 Pac. 765.

Garnishee's answer deemed true, unless excepted to within three days. This time may be extended, however, by order of the court.—Id.

Where garnishee has money of the defendant in his hands, he should not deny indebtedness in answer to garnishment, but should set up his counterclaim, as he will be barred from asserting it under general denial.

Dolenty v. Rocky Mt. Bell Tel. Co. (Mont.), 108 Pac. 921.

Garnishee should state in his answer whatever facts he may have in his possession as to the debt. He can set up all defenses he may have, either in law or in equity.

Field v. Sammis (N. Mex.), 73 Pac. 617.

(Dictum—it is his duty to set same up.)

The answer of the garnishee makes a prima facie case for him and stands until overthrown by evidence upon the part of the plaintiff, upon whom is thrown the burden of proof.

Perea v. Colo. Nat. Bank (N. Mex.), 27 Pac. 322.

(Question of fact to be submitted to the jury, and if they find indebtedness, they must also find nature and amount—otherwise judgment will not stand, as the extent of liability can not be determined.)

Where the maker of a note is summoned as a garnishee in an action against the payee, and he knew or believed when he answered that the note was assigned before the garnishment, he must state that fact in his answer, and if he fails to do so and suffers a judgment in the garnishee proceedings, he will still be liable to the holder of the note.

Phipps v. Rieley (Ore.), 16 Pac. 185.

(Should not set up that the said assignment was fraudulent, as he has no interest in such matters.)

Garnishee is merely a stakeholder and should set out all the facts in his answer. If doubtful or uncertain will be construed against him, and where it is equivocal or evasive it will be taken *pro confesso*.

Dawson v. Maria (Ore.), 16 Pac. 413.

Where garnishee files answer admitting indebtedness, and later, before further proceedings, files an amended certificate showing an assignment of which he did not have notice, the creditor did not except to the amended answer, but tried to get judgment on the original answer. Held—statements in the answer deemed true, unless the plaintiff excepts (as provided in the Code) and asks for an examination.

Batchellor v. Richardson (Ore.), 21 Pac. 392;

Trowbridge v. Shinning (Wash.), 62 Pac. 125.

Under 5409 Ball.—affidavit of plaintiff that he had good reason to believe and did believe that the answer was incorrect, and alleging the facts for such belief, is sufficient to raise an issue.

McDaniels v. J. J. Connelly Shoe Co. (Wash.), 71 Pac. 37.

The garnishee in some respects occupies the position of a trustee and is bound to protect, by legal and proper means, the rights of all parties to the chattels or credits attached in his hands; and if he receive notice of the assignment in time to bring it to the attention of the court, it is his duty to do so, and if he fail so to do, neither a subsequent voluntary payment to the creditor or garnishor, nor a judgment against him as garnishee will be available as a defense to an action of the assignee.

Bellingham Bay Boom Co. v. Brisbois (Wash.), 44 Pac. 153.

Garnishee's answer is conclusive and can not be controverted in the original action, nor can judgment be rendered against him, but if not satisfactory, a separate suit may be instituted with the garnishee as defendant, and judgment rendered for anything of debtor's in his possession and costs.

Hudson Coal Co. v. Hauf (Wyo.), 109 Pac. 21.

VIII. FAILURE TO FILE SUFFICIENT ANSWER.—The statutes of the State in which the garnishment proceeding is pending provide within what time the garnishee shall answer. Where he does not file an answer within that time he is in default, and that is taken, in some cases, as a confession that he is indebted, or holds property of the defendant in his hands. This does not mean, however, that final judgment will be entered against him on this default. The answer of the garnishee, where filed,

is the primary evidence of his indebtedness or of the fact that he has property of the defendant in his hands. Where the garnishee is in default, plaintiff must get an order to examine the garnishee; an order to show cause why judgment should not be entered against him; or follow the steps provided in the statutes to secure a final judgment. If the garnishee still refuses or fails to disclose the nature of his relations with the defendant, the plaintiff may introduce evidence showing that the garnishee is indebted, or holds property of the debtor; or he may have his judgment made final upon such refusal or failure, if the statute so provides.

Where the garnishee has filed an answer which is unsatisfactory to the plaintiff, or has filed insufficient replies to interrogatories served upon him, the plaintiff may have an order for his examination on oath before the court, or judge, or referee; or, if the statute so provides, may file additional interrogatories for the garnishee to answer. This is also the case when the answer of the garnishee is evasive, or states mere conclusions or generalities.

If, after the garnishee has been duly served with notice, he still refuses to appear or answer, judgment may be made final against him.

IX. JUDGMENT.—Before a judgment can be entered against the garnishee, it must appear that a judgment has been entered against the defendant, or judgment debtor; and that the garnishee has in his possession, or under his control, property of the defendant, or that he is indebted to the defendant. It must appear that the court had jurisdiction and that all the proceedings in the matter were according to the statutory provisions. As we have seen, garnishment owes its existence solely to the statutes of the State, and those statutes must have been strictly followed. If it appears that the court has not acquired jurisdiction of the defendant, either by personal service within the jurisdiction of the court, or by publication of summons and seizure of property of the defendant within the State; or that the garnishee has not been properly brought before the court; or that the garnishee is not indebted to the defendant, or does not hold any of his property; judgment can not be entered against the garnishee.

Where the answer of the garnishee denies that he is indebted, or that he holds property of the debtor, judgment may be entered against the garnishee, not exceeding in amount, the value of the property, the amount of the indebtedness, or the amount of the judgment against the defendant.

Where the answer of the garnishee denies that he is indbtd, or that

he has property of the defendant in his possession or under his control, judgment can not be entered against him in the absence of proof to the contrary. If the plaintiff still believes that the garnishee is liable to the defendant, he may traverse the answer; or, where the statutes so provide, bring a separate action against the garnishee. This is on the theory that a judgment against the debtor operates as an assignment on all his rights to the plaintiff.

This action, or issue, must then be tried as any other issue of fact. To raise an issue the plaintiff must file a complaint against the garnishee, if this is permitted by statute, or by an order of the court, or he must file an affidavit to the effect that he believes the answer of the garnishee to be untrue, and that he believes that the garnishee is indebted to the defendant, or holds certain property belonging to the defendant.

The garnishee is then entitled to raise any objection which he might have raised in an action brought by the defendant or he may show that the court had no jurisdiction of the person of the defendant or of the subject matter of the action. The action is then entirely separate and distinct from the original action and is strictly a proceeding at law against the garnishee. The issue is the same as it would have been in an action between the principal debtor and the garnishee. The burden of proving the garnishee's indebtedness is on the plaintiff, and no presumptions will be indulged against the garnishee. The answer of the garnishee is *prima facie* evidence in his favor, and, unless it is refuted, will entitle him to a discharge.

Where a garnishee disputes his liability to a judgment debtor, the court has no power to order an execution against him, but will direct an issue to try the same, and where the garnishee's alleged indebtedness is to a third person, such party must be summoned, and if necessary an issue ordered to try his liability to the judgment debtor.

Mt. Royal M. Co. v. Kwong Mow Yuen, 11 B. C. 171.

The service of a writ of attachment upon a garnishee is not the commencement of an action against him, nor is the return of the sheriff of an admission of indebtedness by him to the attachment defendant conclusive of the fact; and if the garnishee is in no way brought into court or made a party to the action, the court has no jurisdiction to render judgment against him based merely upon the return of the sheriff.

Broadway Ins. Co. v. Wolters, 128 Cal. 162.

The Superior Court has jurisdiction to make an order on proceedings supplementary to execution against a judgment debtor, that a garnishee

found indebted to the judgment debtor do pay to the plaintiff the amount of such indebtedness, and such order is, in effect, a judgment on which execution may issue, and which may be appealed from, and which can not be assailed collaterally.

Brenzan v. Drobez, 93 Cal. 647.

A person ordered under 717 C. C. P. to answer concerning property of the defendant alleged to be in his possession, or for indebtedness alleged to be due from him to the defendant, may be punished for contempt for disobeying the order; but a judgment by default can not be taken against him, and such a judgment is without jurisdiction and void.

Hibernia S. & L. Soc. v. Superior Court, 56 Cal. 265;

State Bank v. Harcourt (Colo.), 38 Colo. 247.

The words "unless he be already in court" do not authorize rendition of judgment against a garnishee who files an answer denying all liability to the defendant, as the statute requires in express terms that when the answer is controverted scire facias shall be served upon the garnishee and he is under no obligation to appear after his answer has been filed, until he is served with further notice; as, when his answer shows no liability, unless traversed by affidavit, he is entitled to his discharge.

State Bank v. Harcourt, 58 Colo. 243.

It is only in case the answer of the garnishee shows that he is indebted to the defendant or has personal property in his possession or under his control or in case he denies and the answer is successfully controverted, that a judgment against him is lawful. There must be a clear admission in the answer, unless the denial is overcome by another statement in the answer, or unless the answer is shown to be untrue.

Bragdon v. Bradt (Colo.), 64 Pac. 248;

Fleming v. Baxter (Colo.), 38 Pac. 57.

Judgment against the defendant is prerequisite to proceedings against the garnishee.

Henkel v. Bimetallic Bank (Colo.), 58 Pac. 336;

Tabor v. Bank of Leadville (Colo.).

Where garnishee denies indebtedness, the creditor can not have judgment without proof of that debt.

Denver T. & Ft. W. Ry. v. Smeeton (Colo.), 41 Pac. 836.

Can not have default against the garnishee before the trial between the plaintiff and defendant.

Bank of Hawaii v. Parke, 15 Haw. 645.

When a debt claimed to be due is attached and the debtor has been examined and the indebtedness denied, the court has no jurisdiction to enter

judgment on such examination. The garnishee has the right to a trial of the case on the issues raised.

Sindenthal v. Burke (Idaho), 22 Pac. 419.

The default provided for in Rev. Codes 3410, is a default for want of an answer and does not mean a default judgment. The mere failure of the garnishee to answer does not prove that he is indebted to the defendant and the case must be heard before the court or judgment and proof made, showing the indebtedness of garnishee to defendant.

Shumake v. Shumake, 17 Idaho 649.

Proceeding can only be instituted where garnishee refuses to give the certificate required by the statute, or where the certificate is unsatisfactory, and then only by serving written allegations.

Adamson v. Frazier (Ore.), 66 Pac. 810.

Where the garnishee, after service and before trial disposes of the property in his hands—and the value of the property exceeded the amount of the debt—the court has power to enter judgment to the amount of the plaintiff's demand.

Eidenmiller v. Elder (Wash.), 73 Pac. 687;

Trowbridge v. Spinning (Wash.), 62 Pac. 125.

When a garnishee denies the indebtedness, the court has no authority to decide the issue, under 385, providing that the judgment may order property of the judgment debtor to be applied to the satisfaction of the judgment, since by 386 the court is expressly directed in such case to order the judgment debtor to bring an action against the garnishee to determine the facts.

Everton v. Powell (Wash.), 28 Pac. 536.

Before judgment can be rendered against the garnishee, it must clearly appear that he has property belonging to the judgment debtor, or that he is indebted to him.

Timm v. Stegman (Wash.), 32 Pac. 1004.

INSURANCE

Several questions have arisen in respect to garnishment of insurance companies, and although there seem to be no decisions on these points in any of the Pacific Coast States, it might be well to take the matter up briefly at this time.

It is a well settled rule that in order to reach a debt owing, or a credit due, to the defendant, that debt or credit must be due or owing absolutely, or to become due by the mere lapse of time. Where the liability of the garnishee is apt to be defeated by the happening of some event,

or by the non-performance of a condition precedent, garnishment will not lie.

I. It would seem then that the garnishment process would not bind the insurance company where service was made before proofs of loss had been filed. The liability of the company is conditioned upon making proof of the loss, and the company can not be charged by the service of process after the loss and before the required proof of the same has been made. Although the condition upon which the liability arises has happened—i. e., there has been a loss by fire—there is still another condition by which the liability may be defeated; viz., the failure to file proofs.

Davis v. Davis, 49 Me. 282;

Nickersen v. Nickersen (Me.), 12 Atl. 880;

Gies v. Beehtner (Minn.), 12 Minn. 183;

Dowling v. Lancashire (Wis.), 61 N. W. 76;

Lovejoy v. Hartford (Ill.), 11 Fed. 63;

Martz v. Det. F. & M., 28 Mich. 201.

"It has been repeatedly held by this court that a debt, in order to be subject to garnishment, must be owing absolutely at the time of the service of process, although it may be payable subsequently (citing). Where the question whether there will be any indebtedness or not depends entirely upon future contingencies, the garnishee can not be held (citing). In this case it is clear that there was no absolute liability on the part of the insurance companies at the time of the service of process. A liability might arise in the future after proofs of loss had been served, and the time had elapsed within which the option to replace the goods might be exercised, but these were contingencies which might never happen (citing)."

Dowling v. Lancashire (Wis.), 61 N. W. 76.

The provisions of the policy as to notice, loss, proof, etc., must be substantially complied with before the claim is payable; they are conditions precedent to the right of the assured to maintain an action, unless they are waived by the insurer. Until they are complied with or waived, the claim may never become payable, and until then it is not the subject of garnishment.

Gies v. Beehtner (Minn.), 12 Minn. 183.

Proofs of loss may be waived by the company, however, and in that case garnishment would lie, even in the absence of proofs. If the company and the assured had agreed upon the amount of the loss, and if all other conditions had been fulfilled, the courts would not permit the

insured to defeat a recovery on the part of his creditor by refusing to file proofs.

II. It would seem also that, where the company has the option to rebuild, garnishment would not hold any moneys in the possession of the company. If the company has decided to rebuild or replace the destroyed property, it owes nothing to the insured. Where they have waived that right, however, or have lost it by the lapse of time, garnishment would lie.

Martz v. Det. F. & M., 28 Mich. 201;

Stone v. Mutual (Md.), 22 Atl. 1051;

Dowling v. Lancashire, 60 N. W. 76;

Hurst v. Home Prot. F. Co. (Ala.), 1 Ro. 609;

Godfrey v. Macomber, 128 Mass 188.

In both of the above cases, however, the company would be liable in those States where it is provided that the process attaches to effects coming into the hands of the garnishee after the service of the process.

III. Where the insurance covers on property exempt from execution—as on a homestead—garnishment will not reach funds in the hands of the company, although the loss has been settled and all that remains to be done is to pay the money to the insured.

Houghten v. Lee, 50 Cal. 101;

Puget S. D. B. Co. v. Jeffs (Wash.), 59 Pac. 982.

IV. Where the policy is issued to a mortgagor of property, "loss, if any, payable to the mortgagee, as his interest may appear," garnishment will not reach money due under the policy, unless there is an amount left over after the mortgagee's claim has been satisfied. If the interest of the mortgagee is larger than the amount of the loss, or the amount to be paid under the policy, the garnishment has no effect, but if the amount due the insurer is larger than the claim of the mortgagee, the service of process will bind all sums in excess of the mortgagee's claim.

Mansfield v. Stevens (Minn.), 16 N. W. 455;

Coykendall v. Ladd (Equit.) (Minn.), 21 N. W. 733;

Mansen v. Phoenix (Wis.), 24 N. W. 407;

Edwards v. Ogrie (Wis.), 60 N. W. 782.

"By the stipulation in the policy providing for payment to the mortgagee, the amount was already appropriated for the payment or security of the mortgagee; and his interest being shown to be still subsisting, and to exceed the amount of the claim, it became evident that there was nothing due from the garnishee to defendant subject to garnishment by plaintiff.

"Where the evidence shows that the debt is payable to a third party, and that the defendant is not entitled to it, the disclosure itself is sufficient to protect the mortgagee, and he is entitled to be discharged, unless further proceedings by plaintiff are allowed to be taken under the statute to bring in such party, in order to test the validity of his claim."

Mansfield v. Stevens (American) (Minn.), 16 N. W. 455.

(Loss had been adjusted—\$2500—mortgage \$4000.)

(And this is true, although mortgage may not have been recorded. While this mortgage would not be good as to subsequent mortgagees without notice, it is good between the parties, and the mortgagee has an insurable interest.)

V. The mere fact that the exact amount of the loss has not been determined will not invalidate the garnishment proceedings where all conditions have been complied with. It has been held that there is no liability upon the part of the company until after adjustment, and the amount has been ascertained.

Bucklin v. Powell, 60 N. H. 119;

McKean v. Turner, 45 N. H. 203;

Katz v. Sorsby, 34 La. Amn. 588.

But the better rule seems to be that, where the liability is not disputed, but merely the amount, garnishment will lie.

Knox v. Prot. Co. (Conn.), 25 Am. Dec. 33;

Girard Co. v. Field, 45 Pa. St. 129.

VI. Garnishments take precedence in the order of their service. Priority in time is priority in right. This is true even where they are served in different States, as process of the courts of those States. While the garnishee can not plead a prior garnishment in the same or in another State, or a suit by his creditor, as a defense to the garnishment proceedings, he may set those matters up in his answer and the court will either stay the proceedings, or, if it allows the same to go to judgment, it will grant a stay of execution. The garnishee will not be forced to pay the amount twice, except where the double liability is imposed as a consequence of his own fraudulent, evasive, or careless conduct.

VII. The company is liable for any payments made by it after a valid service of process. The mere fact that a draft has been drawn upon it before the service of the process will not relieve it from liability, as the draft does not operate as an assignment of the funds in the hands of the company until it has been accepted or paid. It would seem that even drawing a check for the amount of the loss would not defeat the garnishment, unless the check had been certified or paid by the bank. If a

check or draft has been given before, and service of process is then made on the company, the only safe way to do is to stop payment.

VIII. It is never safe for the company to satisfy the claim of a garnishee, by turning funds of the insured in its hands over to his creditor. This is true no matter whether or not there have been subsequent garnishments. The safest way is to make affidavit that other parties claim funds in the hands of the garnishee, and ask for an order from the court that these parties may be interpleaded.

IX. Under most of the statutes the garnishee may, upon being served with process, turn the money over to the sheriff, whose receipt will protect the garnishee. But if the garnishee, having notice of other claims, or having been served with process in other garnishments, pays the money to the sheriff or into court, without giving notice of the other claims and bringing them to the attention of the court; he will be treated as a volunteer and will not be protected by any order or judgment made or rendered.

The President—Gentlemen, this is undoubtedly the best paper—the best book, rather—that has ever been written on Garnishment. Mr. Thornton has worked many months on this book. He has read to us a very small portion of the paper that he turned into this Association. It contains one hundred and fifty closely typewritten pages. As you know, we have great difficulty in determining what the statutes of the various states are. There are probably one or two places in San Francisco where we can obtain this information. Mr. Thornton has given a copy of the statute of every state pertaining to garnishment, also Hawaiian Islands, British Columbia and Alaska. It is certainly a most valuable paper and we are indebted to Mr. Thornton for it. I would like to call on Mr. Driffield to discuss the paper.

Mr. Driffield—There is not much discussion possible of Mr. Thornton's paper. A more lucid exposition of the law of garnishment could not be expected from any source. I am very glad that I had the opportunity of reading the paper in full, with the exception of the statutory enactments, prior to this meeting. I

was more than interested in it, and I feel, and I think we ought to all feel, that we owe a debt of gratitude to Mr. Thornton for having expressed himself so clearly to us. He has laid the law down in such a manner that it will not be necessary for us to refer all questions of garnishment outside of our State to our attorneys to pass upon.

When it comes to discussion there is very little to discuss. There are one or two questions I would like to ask, and the first is on the question of defective service. I think you will all agree with me that our experience has been, that fully ninety per cent of the garnishments served, are served wrongfully; that is, the service is made before proof of loss is filed. Almost invariably losses which are the subject of garnishment are also losses which are doubtful in character. As a rule the creditors will rush into the courts, either personally or through the Board of Trade, and procure a writ of garnishment. As I said before, ninety per cent of those garnishments are served prior to the receipt of proofs of loss. In none of those cases is the service effective. Frequently copies of writs are served upon parties who are not the agents of the companies for the acceptance of service of process. Process is served very frequently on our local agents, who are not legally empowered to accept such service. I would like to ask Mr. Thornton if in such cases an answer, other than that of "no answer," is necessary, and if so, what the answer should be. As the garnishee is bound by his answer it would seem to me that no other answer is necessary or expedient in such circumstances. We would be stultifying ourselves to some extent if any other answer were made.

There is another point that I would like to ask Mr. Thornton, and that is as to the debt which can be garnisheed. There must be a debt owing by the garnishee to the defendant, or the garnishee must have property of the defendant debtor in his hands. There must be some claim which would support an action at law. That

seems to me to be the most definite description. A perfected debt or credit must exist. I have always gone on the theory that not only must satisfactory proofs of loss be rendered before a garnishment can become effective against a company, but that the time prescribed in the contract for the maturity of the claim must have expired or been reached before the garnishment can become effective.

Under the present laws of the State of California the maturity of claim is thirty days after the receipt of satisfactory proofs of loss, while under the contracts which utilize the New York standard form of policy, sixty days constitutes the limit. Mr. Thornton has not touched on that point. I would like to have an expression from him in that regard. I do not know that there are any other points I can call up for discussion at this time.

I reiterate my own personal thanks, and the thanks of this Association for the labors which Mr. Thornton has bestowed upon this subject. They cannot be appreciated by any of us laymen here. There are decisions to be looked up; citations and syllabi thereof are included in Mr. Thornton's paper, none of which he has read. We really cannot in any way appreciate the time that Mr. Thornton has given to the preparation of this paper. I think he should be accorded a most hearty vote of thanks for his services.

The President—Some questions have been asked of Mr. Thornton, and I will ask him to answer those questions after we hear from Judge Granger.

Judge Granger—This paper has covered the field very fully and completely, so clearly and so carefully, that I simply find myself unable to add anything to what Mr. Thornton has said.

There is one suggestion, however, I would make, and that is: you must of course all realize that the laws of one State are not the same as the laws of another State. If Mr. Thornton has prepared a copy of the various laws of the various States in which you

do business he has certainly performed a very valuable service to you. I never have myself been able to understand the garnishment laws of the State of California. I have had no particular reason to inquire into them, but I have found from my talks with managers, adjusters and special agents that they are very different from the laws of the State of Washington.

In general when an officer serves a garnishment on you, you may make a verbal answer, and then unless some further proceeding is had, you pay but little further attention to it. If you should undertake to pursue that practice in the State of Washington, and it has been done in a few instances, and the companies have been in peril because they paid no further attention to the garnishment. In our State a notice is given, and it notifies the insurance company that it must appear within fifteen, twenty or thirty days, as the case may be, depending upon the court the suit is pending in, and make answer to three questions, ordinarily, first, whether or not the insurance company is indebted to the defendant, or was at the time the writ was served. Second, whether or not the insurance company has any property of any kind or character belonging to the defendant, and in its possession at the time the writ was served; and third, whether or not the defendant owns any of the capital stock of the insurance company. Those are the three questions that are asked. Now they must be answered. I can only recollect one case where we have answered admitting liability. We have uniformly, except in that one instance, denied liability, largely upon the theory suggested by Mr. Driffield, that there could be no liability until after proofs of loss had been furnished. It is necessary that an answer should be made, and made in writing, or a penalty will be suffered.

Assuming that the court has jurisdiction of the subject matter, and the service has been proper and regular, and the garnishee makes no appearance, and makes no answer, he suffers a default, and as soon as the default is entered the court is

authorized under our statute to enter an immediate judgment against the garnishee for the full amount of the plaintiff's claim.

I call your attention to that, because it has happened in a number of instances in my practice where a notice of the garnishment has not reached my hands until after the time for appearance. Fortunately, the attorneys have been kind enough to either set aside any default that may have been entered, or have not yet taken a default, and have allowed us to appear and answer, but we have been very close to the line two or three different times.

Suppose the plaintiff is suing the defendant for a thousand dollars, and you are served with a garnishment; the service is proper, and you suffer default, the plaintiff is entitled to judgment against you for a thousand dollars, and there is no way by which you can prevent the payment of that judgment.

Mr. A. W. Thornton — My inclination is to criticise the paper that has just been read, but if I do I will be called to account when I get home. To save the young man's feelings, I will refrain from any criticism.

The President—When we want good legal advice we call upon Mr. Russell Osborn and I would like to hear from him.

Mr. Osborn—It was my pleasure to read this paper a few days ago. In the commencement I was rather inclined to believe that it was more or less of a perfunctory dissertation upon a subject of which the writer might not be wholly familiar, but soon began to realize that it was in the nature of a masterpiece, indeed it may be called an encyclopedia, for it contains information in much better form than you would get from a text book, and is written in a convincing, clear and concise manner.

Unlike Mr. Thornton, I could not criticise the paper if so disposed. In 1898, as President of the Association, I invited Mr. Goodfellow — honor to his memory — to write a paper on

garnishment, realizing its importance, and remember that he stated to me that he had not the slightest idea what to say on that subject; that it was very complex, one that had not been adjudicated in a manner satisfactory to him, or possibly to those who would hear the paper. I persisted and requested that such a paper should be read, and those of you who attended that meeting, will recollect a rather short paper from him on that subject.

I recall that there were two citations in reference to garnishment. The New York Court of Appeals decided that so far as a company organized under the laws of that State was concerned, an attachment by a citizen of New York for a loss that occurred in Massachusetts was valid and recovery could be had, as the debt was existing in New York and the company domiciled there. When the court was asked about the laws of Massachusetts, it replied that that State would undoubtedly decide its attachment according to the laws of Massachusetts, and when shown the danger of double payment, replied that the New York company voluntarily entered Massachusetts, subjecting itself to the laws thereof, wholly ignoring the old maxim, "that he who is first in time is stronger in right."

The Supreme Court of Illinois decided that the garnishments in different States were good and could be collected, which would seem to leave the question in this wise: That if, for instance, an attachment were had in Illinois for a loss occurring in Indiana, and the attaching creditor should collect the amount from the company in Illinois, its remedy would then be to plead the extinguishment of the debt as against the claim of an Indiana creditor.

The difficulty in the question of attachment would seem to lie in the fact that there is no uniformity of law or garnishment. Each State maintains its own autonomy and therefrom issues a question that has not yet been decided by the highest court of the

land. Until there is some uniformity, the question will remain a mooted one and always be a source of never ending trouble or danger.

Then again, the dissimilar laws in regard to attachments are obviously perplexing. In this State, the garnishee is not compelled to make answer in court to the service upon him. In other States of the Coast he is required to employ attorney, make due answer, under penalty of an adverse judgment.

A garnishment, to my mind, is not properly served or would not lie if a proof of loss had not been properly executed and accepted by the company, which would, of course, involve the settlement as to the amount of loss; and I have even gone further than that and held that unless the claim has matured, it was not the subject of attachment, but from Mr. Thornton's investigation, this latter would seem to be untenable.

In dealing with the question of garnishment, I have always been careful to observe the mandate of the garnishment, whether it is correctly served, is right or wrong has not been a subject of inquiry with me. The proper thing to do is to take notice and beware, treating a garnishment with a great deal of respect and handling it as one would a piece of hot coal. Be sure that the conflicting parties sign a release in your favor, and that as quickly as possible, and you will then end your troubles.

I know of only one instance in my experience where there were conflicting attachments. This was the Doernbecher Furniture Co., where the loss occurred in Oregon, we being attached in that State, in Illinois and California. Naturally, we got busy, brought the conflicting claimants together, obtained their releases and paid the loss.

I again want to speak of this admirable paper and hope to have the pleasure of reading it more carefully another time.

The President—Mr. Sexton, have you anything to say on garnishment?

Mr. Sexton—I generally have something to say on anything in our line, and referring to this paper can say that it points out all of the rocks, shoals, shallows and difficulties that we are liable to get into regarding garnishments, through ignorance of the law, and for that reason this is a very valuable paper to us. Garnishment is a peculiar kind of a bird. When a man commences a suit against anybody he gets out an attachment, and everybody is either attached or garnisheed under a sort of a shotgun arrangement proceeding by the court officer. Any man who gets one of these papers had better be careful, because he might get some disease that would hurt him and hurt his position in the company. If it is outside of California he should send it to his representative and tell him to look after it, because the law of garnishment may have been changed within four weeks in that state, and serious trouble might arise.

Sometimes an attachment is not issued when a case is commenced, but an execution is issued after judgment is rendered. The garnishment under an attachment under an execution is served on everybody that may owe or have the possession of property of defendant. The garnishment or attachment commands that we hold the money. This is easy. The garnishment on a judgment on an execution issued calls for the money and we must as suggested by Judge Horsence, get a receipt from everybody interested, then we have full protection and can pay the loss with safety.

The plaintiff wants the money, and will do whatever you want to get it. When you read that paper you will see the snags that you are liable to run into, and my advice is to hold the money until everybody releases.

The President—Mr. Thornton, I will ask you to briefly answer some of the questions.

Mr. Thornton—Mr. Osborn's suggestions are very good. A garnishment is something you must be very careful about, because

the company is apt to become liable both to the garnishor and to the injured.

The only answer that is necessary in this State is for the garnishee to state to the attaching officer at the time of the service of the writ whether or not he has any funds in his possession. The usual procedure is to simply state "No answer." Then the law provides that the plaintiff in the action may get an order from the court for an oral examination of the garnishee; whereupon the garnishee is brought before the court, or before the referee appointed by the court, to make answer upon oath as to the goods or evidences of debt in his possession.

In the case of defective service, the company is not bound by the service of the process unless it answers or appears in the case. If the service is so defective that it cannot be remedied—if there has been no service, as a matter of fact—the mere appearance will not protect the garnishee; but if the service is merely voidable the appearance of the garnishee will remedy the defective service. The best way to do is to appear specially and move to quash service.

In the case of a debt not yet due, if the debt is contingent, upon some condition that may transpire after the service of the process, the garnishment will not lie. In regard to that there have been very few satisfactory adjudications. The only thing that would bear upon that subject in this state is a case that was decided in San Diego, although it was not in a case of garnishment. The court decided that although the company denied liability no action could be brought until the time provided for in the policy had expired. Therefore, it is an open question in this state as to whether a garnishment served before the time within which the insured may bring a suit would bind any money in the hands of the company.

There are several states which require written answers, sworn to, such as the State of Washington requires. It is generally stated in the process which is served on the garnishee that he must answer

the questions set forth therein. In other States they do not require a written answer, except where the plaintiff is allowed to file written interrogatories. The answer of the garnishee is then to those interrogatories.

In most States the garnishee cannot set up that a debt has been extinguished, by the bringing of an action. He must state in his answer that there is a prior action pending either in this State or some other State and leave it to the court to relieve him from double liability, either by staying the action which is then pending, or by staying execution.

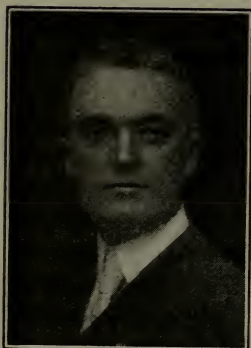
The President—I want to say that I have been requested by a number of managers who have heard of this paper, to have it printed. We will print in our Proceedings the part which has been read to us, with the exception of the statutory provisions. Those will not appear in our Proceedings, but they will appear in book form, including the entire paper. I would request the managers who desire a copy of the book to notify the library committee, stating the number of copies they wish, so that we will know how many to order.

The next paper you will find a very interesting one. It is on the subject of "The British Columbia Statutory Policy and Adjustments Thereunder," by George C. Main.

THE BRITISH COLUMBIA STATUTORY POLICY AND ADJUSTMENTS THEREUNDER

George C. Main

Independent Adjuster



When your President asked me to prepare a paper upon the subject of the adjustment of losses under the British Columbia policy I thought it would be possible to fairly cover the subject in a brief paper, but as I studied the questions involved and became interested in the decisions of the courts, the vastness and possibilities of my subject opened up a boundless field. The facts and conclusions which I shall discuss will represent only a trifle of what could be said on this subject, most interesting and instructive to the adjuster.

I shall attempt, therefore, to bring to your attention only some of the conditions and difficulties commonly encountered by the adjuster in the adjustment of claims arising under the British Columbia statutory policy, and to point out some of the radical differences and omissions as between those conditions and the conditions of the New York standard form. I have cited numerous cases having a bearing on the various conditions which I hope will be useful for reference purposes to companies and adjusters having jurisdiction over this Province.

British Columbia is an empire in extent, with unbounded possibilities and unlimited resources. Only a small fraction of its productiveness has been developed and the next ten or fifteen years, coincident with the great railroad construction now going on, will show a tremendous growth in all material directions. This province embraces 355,855 square miles of territory, with an estimated population at the present time of 425 to 450,000. The State of Washington contains 66,836 square miles, with a population of 1,250,000. The annual premium income of fire insurance companies in British Columbia is approximately \$4,000,000, with an average loss ratio of 30.6% for the two years of 1911 and 1912. Thus it will be seen that while the population is 800,000 less, the premium income is almost equal to that of the State of Washington, with a more favorable loss ratio (44%).

Previous to 1893 there was no statutory form of policy. In that year the Ontario statutory policy was adopted and enacted into law by the Parliament of British Columbia with a few immaterial changes. During recent years a strong effort has been made in Ontario to obtain certain amendments to the statutory conditions, but so far without success. It is apparent that the Royal Commission which drafted the Ontario statutory policy did not believe that every reasonable condition had been covered or exhausted, for a further provision was made that variations might be added to the statutory conditions. British Columbia closely followed Ontario and as the statutory conditions have been in force so short a time in British Columbia, but few pertinent decisions have been handed down by the courts of that province and we therefore have to rely upon the older province of Ontario where the statutory policy has been in force much longer, for the weight of legal decisions. In its practical application many defects were found in the Ontario policy, some of which have been corrected by subsequent legislation, but many of which still remain. It is almost too much to hope that the statutory conditions will be revised and made suitable to modern commercial requirements, and at the same time made applicable to the whole of Canada. The question will probably soon be determined on appeal to the Privy Council of England whether the Federal Government through the Parliament of Canada can enact legislation regulating insurance companies, and so a uniform statutory policy, or whether such power rests with the various provincial governments. In a recent case before the Supreme Court of Canada it was held by the court that jurisdiction over insurance companies will hereafter rest with the individual provinces instead of with the Dominion Government. The case, however, will be appealed to the Privy Council at London. This decision of the Supreme Court of Canada is important and follows closely the United States decision. If affirmed by the Privy Council, insurance companies must file statements, make deposits, pay fees and taxes, and comply with all the complex and different provisions of the laws of each province in the Dominion as now or hereafter enacted. Let us hope that the Privy Council will not hand down another decision analogous to that of *Paul vs. Virginia* in the United States Supreme Court.

In discussing the statutory conditions of the British Columbia policy I will be as brief as possible and take them up seriatim, confining my observations to those conditions more commonly involved,

and the radical differences and omissions as compared with our New York standard form.

Condition 1. "If any person or persons insures his or her buildings or goods and causes the same to be described otherwise than as they really are, to the prejudice of this company, or misrepresents or omits to communicate any circumstance which is material to be made known to the company in order to enable it to judge of the risk it undertakes, such insurance shall be of no force in respect to the property in regard to which the misrepresentation or omission is made." The utmost good faith between the parties is the fundamental principle of insurance and this necessarily demands from the insured a full disclosure of all material facts within his knowledge in order to enable the insurer to rightfully judge of the nature of the risk (1). This statutory condition does no more than again declare in statutory form the law of contract based upon the English law with respect to misrepresentation which governs in all the provinces of Canada. Misrepresentation or concealment of a material fact will void the policy, but this misrepresentation must be material to the risk and the concealment made with fraudulent intent. Any material misrepresentation as to the insurance will void the policy (2), as will also one relating to fear of incendiarism or other fires previously suffered by the assured (3). A representation as to value is not in itself a warranty, but is so far material that it is a question of fact for the jury to determine whether or not there was an overvaluation within the knowledge of the applicant, and if so the policy is void (1). A misrepresentation as to the nature of the hazard will usually void the policy, and a misrepresentation made with fraudulent intent vitiates the policy no matter how trivial or immaterial to the risk it may be (2). A fraudulent misrepresentation by the applicant will avoid the policy in the hands of a third party, and the court in his decision on a case brought by the assignee of a policy stated "it was a startling proposition that the assignee of the policy would have a right of action although the assignor had none. They might have been subrogated to a claim vitiated by fraud, but would yet have the right to pocket the benefit of that fraud. What a protection to insurance companies would such a doctrine carry if it were to prevail" (3).

(1) 3 Burrow, 1906.

(2) Agricultural Ins. Co. vs. Liverpool, etc., Ins. Co., 33 Can. S. C. R. 94.

(2) Campbell vs. Victoria Mutual Fire Ins. Co., 45 U. C. R. 412.

(3) Gilles vs. Canada Fire As. Co., Q. R. 26—S. C. 166.

As applications and interim receipts are in common use through British Columbia it will be seen how important it is that the questions in the application be fully answered by the applicant himself and thoroughly understood before his signature is attached. I have not found in my study of this subject that it is necessary that a copy of the application be attached to the policy in order to make it a warranty on the part of the applicant.

The New York standard form sets out at its very beginning the condition that the company shall not be liable beyond the actual cash value of the property at the time of the fire and that the loss shall be estimated according to such actual cash value after proper deduction for depreciation, however caused, etc. There is no provision in the British Columbia statutory conditions similar to that just quoted from the New York standard form. The word "depreciation" is not used or mentioned in the British Columbia statutory form and as a rule I have found it to be extremely difficult to secure a reasonable depreciation on either personal or real property in that Province in case of loss. The original cost to the assured, regardless of the fact that the merchandise may be out of date or shop worn, seems to be the measure of damage claimed, and more often agreed upon in the adjustment of personal property losses. The New York standard form also provides that "it shall be optional with the company to take any or all of the property at its ascertained or appraised sound value," and the entire absence of any such provision in the British Columbia statutory conditions is exceedingly unfortunate. In British Columbia the assured can claim a total loss on his goods and keep them, too, and there is no provision whereby the company may take them over at their appraised sound value unless the assured is willing to surrender them. The omission of this provision in the British Columbia form enables the assured to make and carry through much larger claims for damage on personal property than he would be able to do under the New York form. I have not been able to find any court decisions on this point, but am convinced that the court would hold that the company would have a perfect right to take merchandise at its sound value and pay the assured for same if by so doing no hardship was imposed upon the assured. In my own experience I have offered to take over merchandise and have

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- (1) Raich vs. Niagara Dist. Mut. Ins. Co., 21 U. C. C. P. 464.
 - (2) Nova Scotia Marine Ins. Co. vs. Stephenson, 23 Ca. S. C. R. 137.
 - (3) Nor. Brit. & Merc. vs. Tourville, 25 Can. S. C. R. 177.

even demanded same and have met with a refusal to turn over the merchandise at its sound value. By offering to do so, however, the assured has been influenced to very materially reduce his claim.

Statutory condition 3 provides "that any change material to the risk and within the control and knowledge of the assured shall avoid the policy as to the part affected thereby unless the change is promptly notified in writing to the company or its local agent. * * *"

A landlord is not affected by material changes made by his tenant without his knowledge (1), nor would the assured be affected in his right to recover by an increase to the hazard made to his property with his knowledge by a stranger upon adjoining property (2).

I find that the courts are very liberal in their construction of this condition. A vacancy will not in itself be a violation of the third statutory condition unless it is proven that such vacancy is a change material to the risk (3). A condition, however, limiting the period during which the property may remain vacant will be enforced by the courts (4).

The 5th statutory condition provides "that when property insured is only partially damaged that no abandonment of same will be allowed unless by the consent of the company or its agent, and in case of the removal of the property to escape conflagration the company will contribute to the loss and expense attending such act of salvage proportionately to the respective interests of the company and the assured." The first part of this condition is very plain and similar to the provision in the New York standard policy that there can be no abandonment to the company of the property. You will note, however, that the British Columbia condition states that when property insured is only partially damaged no abandonment of same will be allowed. An interesting part of this 5th condition is that relating to removal of property to escape conflagration. Some courts have even gone so far as to say that this is an independent agreement for the benefit of the

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- (1) Heneker vs. Brit. Am. As. Co., 14 U. C. C. P. 57.
 - (2) Copp vs. Glasgow & London Ins. Co., 30 N. B. Rep. 197.
 - (3) Gould vs. Brit. Am. As. Co., 27 U. C. R. 473.
Bishop vs. Norwich Union, 25 N. S. Rep. 492.
Foy vs. Aetna Ins. Co., 3 All. 29.
Boardman vs. Borth Waterloo Ins. Co., 31 O. R. 525.
 - (4) O'Connor vs. Comm'l. Union, 3 R. & C. 119.
McKay vs. Norwich Union, 27 O. R. 251.
Peck vs. Agricultural, 19 O. R. 494.

insurance company and an inducement to the assured to use every exertion to save his property by holding out to him the advantage of being proportionately reimbursed in the expense that he may incur in such removal, the words "loss or expense attending such act of salvage" having no reference to the loss or damage to the goods themselves, which are already covered by the policy, but to the expense incurred in the act of salvage. One Justice stated that under this condition the company might be called upon to contribute to such expense even although it was called upon to make good the full amount insured. In other words, a sum in excess of the amount of the policy could be collected (1).

Statutory condition 8 provides "that the company shall not be liable if there is any prior insurance unless the company's assent thereto appears herein or is endorsed hereon, nor if any subsequent insurance is effected in any other company unless, or until, the company assents thereto, or unless the company does not dissent in writing after that time and before the subsequent or further insurance is effected." In the case of the Imperial Bank vs. Royal Insurance Co. (1) a subsequent insurance was effected by the assured and no notice in writing or any communication given to the company nor to the agent, nor was the subsequent insurance disclosed until after the premises were destroyed by fire. It was held by the court that the fact that the subsequent insurance was effected by a sub-agent of the company's general agent, who had also acted in procuring the prior insurance, could not be regarded as constructive notice to the company of the subsequent insurance and an action upon the policy was dismissed and the company was ordered to refund the last payment of premium. In Ontario, by a long line of decisions it has been held that subsequent insurance on property without notice to and consent of the company avoids a prior policy containing a condition against double insurance. The Supreme Court of New Brunswick held that subsequent insurance by a mortgagee, in the name of the mortgagor, voided the mortgagor's prior insurance. The Privy Council has added strength to this statutory condition in the case of Equitable Fire & Accident vs. Ching Wo Hong (1907, A. C. 96).

Condition 9 goes on to state "that in the event of other insurance having been assented to as aforesaid, then the company shall only

(1) 12—O. L. R. 519.

(1) McLaren vs. Commercial Union, 12 A. R. 279.

be liable for the payment of a ratable proportion of any loss or damage."

Condition 10 sets forth a number of instances in which the company is not liable: First, for loss of property owned by any other party than the assured unless the interest of the assured is stated in or upon the policy. It has been held that where the business of a partnership is taken over by a limited liability company there is such a change of interest as to invalidate the insurance, although the members of the partnership may hold nearly all the stock in the limited liability company (1). Sub-section F of condition 10 provides "that the company shall not be liable for loss or damage occurring while petroleum, rock earth or coal oil, camphine, gasoline, burning fluid, benzine, naphtha, or any liquid products thereof * * * are stored or kept in the building insured or containing the property insured unless permission is given in writing by the company." Under this condition a company defended a suit on the ground that lubricating oil was kept contrary to this provision and it was held by the court that the keeping of a small quantity of lubricating oil was not a violation of this condition (2). In the case of *Thompson vs. Equity Fire Insurance Co.* decided by the Privy Council of England on July 15, 1910, (3), which decision I consider one of the most important relating to the statutory conditions, and which case it will be well to study as it has a bearing on warranties in daily use on policies in British Columbia. This case was an appeal from an order of the Supreme Court of Canada to the Privy Council of England, and on July 15, 1910, Lord Macnaghten delivered the judgment of the Privy Council.

"One J. C. Thompson was the owner of a building in Ontario, which was insured against fire with the Equity Fire Insurance Co. On September 4, 1906, the building was burned down. The claim was made under the policy. It was resisted on various grounds which have all been disposed of but one. The only question remaining was whether the policy was avoided by reason of the presence on the premises at the time of the fire of a small quantity of gasoline. The statutory condition on which the insurance company relies declares that the company is not liable for loss or damage occurring while gasoline is stored or kept in the building insured. * * * The question is, did the loss occur while gasoline was

(1) *Penchen vs. City Mutual Fire*, 18 A. R. 446.

(2) *Mitchell vs. City of London Ins. Co.*, 15 A. R. 262.

(3) 10—O. W. R. 761.

stored or kept in the building? It is common ground that there was no gasoline in the building but what was in the stove, and it seems that the quantity of gasoline in the stove was about a pint. What is the meaning of the words "stored or kept" in collocation and in the connection in which they are found? They are common English words with no very precise or exact significance. They have a somewhat kindred meaning and cover very much the same grounds. It is difficult, if not impossible, to give an accurate definition of the meaning, but if one takes a concrete case it is not very difficult to say whether a particular thing is stored or kept within the meaning of the condition. No one probably would say that a person who had a reasonable quantity of tea in his house for domestic use was storing or keeping tea there. Or, to take the instance of benzine, (which is one of the prescribed articles) no one would say that a person who had a small bottle of benzine for removing grease spots, or cleaning purposes of that sort, was "storing or keeping" benzine. * * * The sentence would be complete and the meaning which the defendants seek to attribute to it might, or even would, prevail, if the words in question, "stored or kept," had been omitted altogether and the condition had excluded liability for loss or damage while gasoline is in the building insured. Some meaning must be given to the words "stored or kept." Their Lordships think those words must have their ordinary meaning, so construing them their Lordships come to the conclusion that the small quantity of gasoline which was in the stove was not being stored or kept within the meaning of the statutory conditions," and the order appealed from was reversed and the plaintiff's claim allowed with costs. This decision may nullify warranties in use in British Columbia, such as the sprinkler warranty, gasoline warranty, clear space warranty, etc., unless these warranties are printed on the policy in different colored ink and are labeled or marked "Variations in Conditions" as prescribed by law. In a case that came under my personal observation on all fours with the case last quoted the policy contained a permit that the assured might carry not exceeding a certain amount of gasoline, but that same should not be handled by artificial light or in proximity to any stove. The opinion of the attorneys to whom this case was submitted was to the effect that following the decision of the Privy Council in the case last mentioned the assured had a right to maintain gasoline or benzine on the premises in small quantities and the fact that there was a permit on the policy prescribing in what manner the gasoline should be handled had no bearing on the

matter as it was in effect merely a permit for the assured to do something which he already had the right to do. This permit went further and attached certain conditions to the use of gasoline on the premises, which, in the opinion of the attorneys above mentioned, was an endeavor to vary or enlarge the statutory conditions contained in the policy and that this can only be done in the manner prescribed by the fire insurance act. It would appear, therefore, that if you wish to enlarge upon, add to, or vary, any of the conditions in the statutory form that it must be done in the manner prescribed by the fire insurance act of British Columbia, and this will apply to all variations and warranties now in common use and otherwise set forth upon the policy.

Statutory condition 12 describes the manner in which proofs of loss are to be made and the statutory declaration accompanying same. The Canadian courts are very liberal to the assured in the construction of this condition and both Ontario and British Columbia have enacted a relief provision and it is largely up to the court or Judge before whom a question is tried as to whether the insurance shall be deemed void or vitiated by reason of imperfect compliance with the conditions of Section 12. Since the adoption of the statutory conditions and under the liberal provisions relating to proofs of loss and the large powers given to the court to grant relief where there has been a failure on the part of the assured to comply with provisions regarding proofs of loss in every case it is simply a question of whether or not the assured has furnished a reasonable excuse for non-compliance with the terms of the conditions regarding proofs of loss. The statutory conditions provide that the assured forthwith after a loss give notice in writing to the company. The courts have held that "forthwith" and "immediately" have the same meaning and that they are stronger than the expression "within a reasonable time" and imply prompt action without delay, and whether there has been such action on the part of the assured is a question of fact for the jury having reference to the circumstances in the particular case (1). What is a reasonable time will be a question of fact for the jury to determine. Sub-section B provides that "the assured is to deliver as soon as practicable as particular an account of the loss as the nature of the case permits." It has been held that a reasonable compliance with this condition only was required. Sub-section D provides that "if required and if practicable the assured is to produce books of account, warehouse receipts and

(1) The Queen vs. Justice of Berkshire, 4 Q. B. D. 469.

stock lists and furnish invoices and other vouchers and to separate as far as reasonably may be the damaged from the undamaged goods and to exhibit for examination all that remains of the property covered by the policy." It would appear from the decisions that I have examined that the courts will allow the utmost latitude to the assured in construing this condition, but at the same time they will hold that a reasonable compliance with its provisions will be a condition precedent to recovery.

Statutory condition 15 provides "that any fraud or false statement in a statutory declaration in relation to any of the above particulars shall vitiate the claim. It is not always essential that the fraud shall be directly proven. It is sufficient if a clear case is established by circumstantial evidence (2). The word false in this condition in connection with false swearing or false statement means fraudulently false and the question of fraud is one for the jury (1). It has been generally held by the courts that false swearing must be wilful and also that false statements to avoid the policy must be material (2).

Condition 16 provides the method to be followed in case of disagreement and the submission to arbitration. This is of course one of the most important provisions in any policy and the British Columbia condition is extremely unfortunate in its provisions as compared with the manner prescribed by the New York standard form. This statutory condition 16 provides "that if differences arise as to the value of the property insured, of the property saved, or the amount of the loss, and whether the right to recover on the policy is disputed or not, and independently of all other questions, the difference shall be submitted to the arbitration of some person chosen by both parties; or if they cannot agree on one person, then to two persons, one to be chosen by the party insured and the other by the company, and a third to be appointed by the persons so chosen, or on their failing to agree, then by a Judge of the Supreme Court of British Columbia or the county Judge of the county wherein the loss has happened, and such reference shall be subject to the provisions of the arbitration act or law applicable to references in actions. * * * Where the full amount of the claim is awarded the costs shall follow the event; and in other cases all questions of costs shall be at the discretion of the arbitrators." You will note

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- (1) Rice vs. Provincial Ins. Co., 7 U. C. C. P. 548.
Mason vs. Agricultural Mutual As. Co., 18 U. C. C. P. 19.
(2) N. B. & M. vs. Tourville, 25 Can. S. C. R. 177.

that this is a wholly different provision from that prescribed by the New York standard form and it is especially important to note that all appraisals under this provision are subject to the laws applicable to references in action. As a rule, to enter into an appraisal under these provisions is a distinct disadvantage to the company. The appraisers personally need not necessarily visit the scene of the fire at all, but may take evidence of witnesses and sit in judgment, rendering their decision accordingly, and in case it is adverse to the insurance company the costs shall be taxed against the company, and if the full amount of the claim is not awarded the costs are at the discretion of the appraisers. The companies have endeavored, therefore, to vary this condition, bringing it under the provisions of the New York standard form. It is a well known fact that it is easy for the assured to secure all the witnesses in his behalf that are necessary, but extremely difficult for a company to do likewise, and even if good witnesses are procured in behalf of the company they would be looked upon with suspicion and considered as prejudiced. The attempt of the companies, however, to vary this condition as to method of appraisal, has been held unjust and unreasonable and of no force and effect, as will be shown by the following case as decided by the Ontario courts in the case of *Cole vs. London Mutual Fire Insurance Co.* (1), and it goes without saying that the British Columbia courts would make the same ruling. In this case, which is interesting, the court held that the variation was not binding upon the assured, not being just and reasonable to be exacted by the company, inasmuch as it was more stringent and onerous than the statutory condition; because, first, the plaintiff would be bound by the findings of the majority of the appraisers as the result of their own personal opinions only, and would be deprived from examining witnesses touching the amount of his loss; and because, second, it imposed upon the insured the payment of certain expenses in any event, whereas the statutory condition provides that where the full amount of the claim is awarded costs shall follow the event, and in other cases be at the discretion of the arbitrators. Therefore, the court held that if the language of the variation was to deprive the insured of the benefit of the provisions of the arbitration act, which the statutory condition expressly made applicable to a reference it would be manifestly unjust

(1) O. L. R. 15—1908—619.

(2) *Parsons vs. Citizen's Ins. Co.*, 43 U. C. R. 26.
McLeod et al vs. Citizen's Ins. Co., 1 R. & G. 21.
Steeves vs. Sovereign Fire, 20 N. B. Rep. 394.

as more stringent and onerous than the latter. It would appear therefore, that your variations relating to method of appraisal are of no force and effect.

Statutory condition 22 which provides "that every action or proceeding against the company for the recovery of any claim shall be absolutely barred unless commenced within the term of one year next after the loss or damage occurs," must be strictly complied with and has been so held by the courts (1). The words "after loss or damage occurs" cannot be construed as applying to completion of the proofs of loss, nor will inability on the part of the assured to comply with the provisions excuse him (2).

As to variations in conditions, the tendency at the present time on the part of all the British companies is to do away with all variations (2) *Peoria Sugar Refining Co. vs. Canada Fire & Marine*, 12 A. R. 418.

Blair vs. Sovereign Fire, 7 R. & G. 372.

with the exception of that relating to co-insurance. The statute provides that variations and additions to the statutory conditions shall only be in force so far as by the court or Judge before whom a question is tried they shall be held to be just and reasonable to be exacted by the company, and then only in the event of their being printed in conspicuous type and in ink of a different color and in the manner prescribed by the statute. These variations will generally be held to be unjust and unreasonable if they impose upon the assured terms more stringent and onerous and more complicated than those already attached by the statute to the same subject. The reasonableness of such a variation is to be tested in relation to the circumstances of each case at the time the policy is issued.

Section 6 of the British Columbia fire insurance act provides "that no such variations, additions or omissions shall be legal and binding upon the assured, nor shall the question of their reasonableness be considered unless such variations are set forth in the policy in the manner prescribed." A variation in condition was added by a company that if the assured should make any misrepresentation or concealment or omit to make known any fact material to the risk that the policy should be void. Said variation, however, did not provide as in the statutory condition that such misrepresentation must be material to the risk and should void the insurance only as to the property affected by it,

(1) *Cornell vs. Liv. & Lon. & Globe Ins. Co.*, 14 L. C. J. 256.

Whyte vs. Western, 22 L. C. J. 215.

Simpson vs. Caledonian Ins. Co., Q. R. 2 Q. B. 209.

and the variation was therefore held to be unjust and unreasonable (1).

A variation of statutory condition 3 "that if the premises insured become untenanted and so remain for more than ten days without notifying the company, the policy will be void" has been held to be a reasonable variation (1), but a condition that if the premises should become vacant the policy would be void is unreasonable as there is no time limit expressed therein (2). A variation regarding the use of the co-insurance clause has been held to be reasonable where the premium is reduced in consideration, but it must be inserted in the contract in the manner prescribed by law (3). This is especially important and I think would nullify your provisions as to co-insurance attached or made a part of the form or wording of the policy unless same was inserted in the policy as a variation of condition in the manner prescribed by the fire insurance act. A variation in condition that the company should not be liable for loss occasioned through forest fires has been held by the Supreme Court of British Columbia to be just and reasonable in the case of *Hall Mining & Smelting Co. v. Connecticut Fire Insurance Co.*

If the conclusions drawn from the foregoing are correct, the important things to consider are the fact that all warranties will probably be held to be null and void unless incorporated as a variation in conditions and also that all variations which place an additional burden upon the assured, or are more stringent than the statutory conditions will be declared null and void by the courts.

My own experience would lead me to believe that in the practical every day adjustment of losses, it would be wise for the adjuster to study the statutory conditions well, familiarize himself with the important decisions of the courts of last resort and then use this knowledge for reference only, in the ordinary adjustment. It is only when complications arise or a breach of one of the statutory conditions is met with that the case becomes one for the court to adjudicate.

I would say, avoid appraisals wherever possible under the British Columbia statutory condition No. 16. As a final resort it may be

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- (1) *Phillips vs. Grand River Farmer's Mut. Fire*, 46 U. C. R. 334.
 - (1) *Spahr vs. Nor. Waterloo Ins. Co.*, 31 O. R. 525.
 - (2) *McKay vs. Nor. Union*, 27 O. R. 251.
 - (3) *Eckhart vs. Lancashire*, 27 A. R. 373, Affirmed by Supreme Court of Canada, Nov. 13, 1900.
 - Wavless vs. Lancashire*, 23 A. R. 224.

entered into, but we may rest assured that the cards are stacked against us. The questions of cash value and depreciation are difficult ones to handle as there is no provision for either in the British Columbia policy, so that diplomacy and convincing argument must play an important part in disposing satisfactorily of these questions.

To be familiar with building and merchandise values and with methods and costs of reconditioning goods, together with a careful estimate of the assured himself, will be of more assistance to the adjuster in the adjustment of a fire loss than all the legal knowledge he can acquire.

In the foregoing discussion of statutory conditions and legal decisions thereunder I am much indebted to Edw. Francis Cameron, the foremost legal authority on insurance law in the Dominion, also to Messrs. Bodwell & Lawson, barristers and solicitors at Vancouver, and others who have placed their libraries at my disposal.

ABBREVIATIONS

Can. S. C. R.	—Canada Supreme Court Reports.
U. C. R.	—Upper Canada Queen's Bench Reports.
S. C.	—Cameron's Supreme Court Cases.
U. C. C. P.	—Upper Canada Common Pleas Reports.
N. B.	—New Brunswick Reports.
N. S.	—Nova Scotia Reports.
All.	—Allen—New Brunswick.
O. R.	—Ontario Reports.
R. & C.	—Russell & Chesley.
A. R.	—Ontario Appeal Reports.
O. L. R.	—Ontario Law Reports.
O. W. R.	—Ontario Weekly Reporter.
Q. B. D.	—Law Reports Queen's Bench Division.
R. & G.	—Russell & Geldert—Nova Scotia.
L. C. J.	—Lower Canada Jurist.

The President—I think we are very much indebted to Mr. Main for his paper. It is a subject about which we have had considerable difficulty in getting information. Mr. Main has covered the matter very thoroughly. I think we owe him a vote of thanks.

The meeting will now stand adjourned until 2 o'clock.



AFTERNOON SESSION.

Two o'clock, Wednesday, February 4th, 1914.

The President — Gentlemen, you will please come to order. We will take up the program where we left it this morning. The next paper is by our worthy Secretary, Mr. Meade, upon the subject of "Market Value Losses." I may say that Mr. Meade speaks feelingly on this subject, as he is not only an adjuster who is more familiar with this class of losses than any other, but he is also a fruit grower.

Mr. Meade—Mr. President and Gentlemen: I presume a number of those present are familiar with what is called the "Prune Basic Price Card;" the same is used by the trade. There will be published with this paper an example or formula of a loss which occurred on prunes and on apricots. It will show the gain in dip, and how the same is computed. Another example follows with same figures to show the difference of 1 percent gain in dip. In my judgment, it will be a help to any adjuster who has dried fruit losses to handle.

Even among themselves the packers differ as to the gain in dip, and I have felt many times that it would be very advantageous in the settlement of dried fruit losses if we had the Packers' Association Arbitration Committee fix and determine prices, gain in dip, shrinkage, stem waste and packing charges.

The arbitration contract is as follows: "Any dispute arising under this contract shall be immediately submitted to arbitration (under the National Dried Fruit Rules of Arbitration of 1913) in

New York, Chicago, St. Louis, San Francisco, New Orleans, Denver, Seattle, the twin cities (Minneapolis and St. Paul), Kansas City, Omaha, Boston, Philadelphia, and any other point when mutually agreed upon at the hands of the Dried Fruit Association of the four cities first named, and by the joint arbitration boards appointed by the National Wholesale Grocers' Association and the National Canned Goods & Dried Fruit Brokers' Association in the remaining cities. The particular point at which arbitration is to be held shall, in the absence of agreement by the parties, be at the city in the list above mentioned which is nearest or most convenient to destination of shipment. If arbitration is held at destination, samples shall be drawn from not less than 3 percent of shipment. If elsewhere, to consist of not less than 2 percent unopened boxes, unless otherwise agreed upon. The loser shall pay all costs of arbitration, and the decision shall be final and binding on both parties, who hereby agree to comply with said decision and its provisions without delay."

Another most difficult thing we run across in losses of this kind is that where all the books are burned then it becomes necessary for the packer to obtain the weight tags issued to the grower, (usually within a radius of one to twelve miles,) and this requires time, for the packer to prove his intake of fruit. Then on top of all that, no one but the packer knows the quality of the fruit. It is very difficult to get at the different quantities and qualities. In the contract among themselves, the packers stipulate as to this quality," it must be equal to or better than the average of the grade for the section where grown, and of the current season at time of shipment."

I might say that I have taken excerpts from several letters received from the packers' standpoint. I regret that two of the invited representative packers are unable to be present to discuss the subject matter from their point of view.

The excerpts are as follows:

"Taking raisins in picking boxes as a basis, the cost of placing same in 1-lb. packages, in cases, ready for shipment is from \$22.50 to \$25.00 per ton. On continuous runs a lower figure will doubtless cover it, based on the present cost of supplies.

"100 pounds of raisins will pack from 92 to 94 packages of raisins, but you will understand that to get this quantity the goods are packed gross, and the weight of the carton is included in the weight of the package.

"You doubtless understand that the steaming and dipping of raisins is not with a view to increasing the weight, for after the raisins have been dried until they are very hard, to enable us to remove the cap stems it is necessary to restore the raisin to its size and heat it thoroughly to make it possible to remove the seeds. A cold raisin, although quite soft, cannot be successfully seeded. The raisin must be hot and very soft

"Occasionally this work is done by dipping the raisins in boiling water, but thus far it has been largely experimental, and the usual practice is to pass them slowly through a kiln in which live steam is introduced.

"It seems to me that the insurance companies have suffered seriously by extending insurance to people whose mercantile standing would entitle them to little, if any, credit, and when losses come the whole dried fruit industry is blamed, and rates increased in consequence, while if a little care had been used in the beginning, insurance would have been denied, and it is quite probable that a fire would not have occurred.

"The nature of the business makes congestion at the busy season of the year almost certain, and some discrimination should be made in the character of the houses used for this work.

"I realize that it is a very easy matter to furnish advice as to how the 'other fellow' should run his business, but as no business can be run nowadays without insurance, it is a matter of vital interest to everybody to have conditions improved, that lower rates may be secured, and if insurance companies would take a little more decided stand against the ramshackle, poorly equipped packing houses, and be a little more discriminating in the risks they take, they would doubtless improve conditions very materially.

"The matter of grades will always be troublesome in adjusting a loss. The grading of fruit is far from an exact science, as there is an element of personal preference that enters into the grading and packing that cannot always be provided for. One buyer would be better pleased with a handsome bright peach perhaps only extra choice as far as size is

concerned, while another would demand a large peach, although the color and general appearance was only ordinary. Again, some houses will make six grades out of peaches while others, make but five.

“Our selling contracts contain a clause for our protection in case a buyer who places an order for simply a carload of fruit demands an excessive quantity of some particular grade, which reads as follows:

“Fruit to be of the average of the season in the district where grown.

“In this way the average grades could be determined by securing records from other packing houses in the same district. This would not reach the matter exactly, but it would be near enough for practical purposes.”

In all cases duplicate book accounts or tabulated daily reports should be kept outside the smaller frame packing houses; the larger plants do so, thus establishing quantities and grades, in case of fire.

In 1906 Mr. A. W. Thornton read a paper before this Association entitled “Cost of Manufacture, Lumber and Shingles.” This paper referred to the lumber interest in the Northwest and is a standard on the subject, for lumber and shingle losses. I regret Mr. Thornton is inavoidably absent, for he is well able to discuss the subject matter of my paper. The lumber companies in the Northwest, one and all, strenuously objected to the seventy-five (75%) percent or any other limit of loss in the contract with fire insurance companies, just as the fruit packers companies do now, and yet when the lumbermen organized a mutual lumberman’s insurance company, all their policies contained a seventy-five (75%) percent loss clause, thus showing conclusively that the experts in the lumber business knew they could not conduct a lumberman’s insurance business without paying losses on lumber in excess of actual cash value, unless limited by their loss clause. While I have evolved a rider to be attached to raisin and dried fruit stocks, I feel that the same, while explicit, is cumbersome, and I incline favorably to a “Loss Clause” in lieu thereof.

My paper on Market Value Losses is as follows:

MARKET VALUE LOSSES**Calvert Meade**

Independent Adjuster



The California Standard form of fire insurance policy states in its contract that "the company will not be liable beyond the actual cash value of the interest of the insured in the property at the time of the loss or damage not exceeding what it would then cost the insured to repair or replace the same with material of like kind and quality." You must bear in mind that all the foregoing portion of the contract is expressed in one sentence. No replacement of stocks under said contract is permitted.

The base and intent of the contract is indemnity and nothing more and this paper treats of market value at the time of the fire in contradistinction to actual cash cost or invoice plus freight and delivery charges.

Merchandise, growing or in process, like lumber, wines, grain, hay, or the products of canneries and factories, come under the head of market value losses.

The fruit industry is one of the largest in the State. It should be fostered and encouraged by insurance companies and safeguarded with restrictions and rates, so that a fair profit therefrom will result, instead of it being placed on the prohibited list on account of its hazard.

The premiums from insurance on fruit packing plants run into the thousands of dollars each year and should be desirable. I have never been able to reconcile the hazards, unless the cause be defective wiring, improper installation, over-heated sulphur houses, or cigarettes. My general belief as to cause is cigarettes. The fruit season is short; quick action is necessary with the rapidly ripening fruit, and the packing house plants of necessity employ a horde of miscellaneous unskilled labor during this rush season. "No Smoking," the sign posts of fear, are prominent, and nearly always the cause is found later—a stolen rest, a cubby hole, a cigarette, a few whiffs and a flip and then left to smolder, with cause unknown.

As is the invariable rule, all large fruit packers have daily reports forwarded from the plant to the head office, so that the intake and output

and grades can easily be established when loss occurs, but when the product is in its formative stages, like growing grain, its actual cash value is practically unavailable. A basis of settlement on market selling prices is always claimed by the insured on the many grades of prunes and the many varieties of peaches and apricots. Each large packing house issues its own market selling price list periodically to the trade during the season, and these price lists, unlike the world-wide quotations of wheat and barley, vary individually from an eighth to a half a cent a pound. One can readily see that this variation would make quite a difference where several hundred tons of dried fruit were involved. Futures are a strong factor, and must of necessity be so in this line of business.

Brokers seek full insurance for their clients on fruit packing house contents, and the reduced rate average clause is permitted for the benefit of lower insurance rates. Full insurance being written, oftentimes the claim for loss becomes secondary to the claim for the face value of the policy.

The multiplicity of grades and varieties of fruit, with its slight variance in price per pound, and its consequent unknown shrinkage and gain, handicaps the adjuster, no matter how proficient, when brought in contact with one who has daily knowledge of the fruit interests during the season.

In all large packing house losses I have found the accounts accurate as to intake and output. Often, however, especially in prunes, intermediate grades are binned, say that run too small for 30/40's and too large for 40/50's and appear as 43/45's, or other grades, and are packed and shipped under standard grades as 30/40's or 40/50's, wherein they will do the most good. These intermediate grades form a packing-house gamble, they are not found in the trade sales and shipments and should be apportioned to standard grades in all cases at time of loss and take the price of 30/40's or 40/50's, or their relative trade grade and prices.

The market selling price carries the profit, and this profit being allowed in the settlement of all productive merchandise claims is not in conformity with the base and intent of the insurance contract, although from all policy forms as issued on this Coast, no adjuster is able to settle, except on the market selling price of the finished article.

My reason for presenting this paper is because during the past year several fruit packing houses have burned, entailing large losses, and my only desire is to allay friction in this class of losses, as to the estimates of unknown factors.

Several times, heretofore, in reports on fruit packing house losses I have protested as to the policy forms, as written, and in this paper I offer a solution, which in my judgment is fair to the insured and to insurance companies.

In the settlement of dried fruit stocks the differences, arising from gain in dip, shrinkage and charges, could be easily obviated if the contract fixed the unknown gain, shrinkage and charges at the time the policy was written. This shrinkage or gain is an unknown quantity to the packer and can only be ascertained when the season's pack is over.

By a rider, the shrinkage and charge for packing and stem waste on raisins, and the gain in dip on the varieties of dried fruit, could be fixed at the time the contract is written. The stem waste and packing charge of raisins should vary but little and the shrinkage can be fixed permanently. The gain in dip is more variable and much depends upon the atmospheric conditions during the season of drying—a hot, dry temperature increases, and a moist one decreases, but a mutual average per cent could easily be agreed upon.

I know the Fire Underwriters' Association of the Pacific has no power of enforcement, but then I harken back to the discussions of Uncle Sexton and Col. Kinne over the "Rule for Non-Current Policies" and the adoption of the Kinne rule by all companies; and "What to Do When the Books Are Burned," by my old friend, William H. Lowden. His book was published by this association and is a standard on the subject, being endorsed and published "as legally correct" by no less an authority than "Clement on the Law of Insurance, Vol. 1, page 101." Then, further, the "Adjuster's Charges" promulgated by Col. Kinne, William Sexton, F. G. Argall and the writer many years ago, which were adopted, and the same rulings are in force today by all companies on the Coast.

Therefore, in all stocks of raisins, dried fruit, wines, lumber, cannery and factory outputs, with other similar productive products a rider should be attached to the policy contract when issued. A similar rider is used on hay and I suggest the following rider be used on raisins and dried fruit stocks, viz:

RAISINS

It is understood that in the event of loss and damage on raisins under this policy, this company shall not be liable for more than ninety (90%) per cent of the actual market value of the raisins hereby insured, and the season's unknown stem waste (except seeded raisins) shall be fixed at not to exceed five (5%) per cent and the picking box

charge not to exceed two and 50/100 (\$2.50) dollars per ton, and the fifty (50) pound packing box charge not to exceed eight (\$8.00) dollars per ton and in the twenty-five (25) pound packing box not to exceed thirteen (\$13.00) dollars per ton. Seeded raisins placed in one pound (1 lb.) packages, in cases ready for shipment, not to exceed twenty-two and 50/100 (\$22.50) dollars per ton; shrinkage on seeded raisins not to exceed seven (7%) per cent in one pound (1 lb.) packages, in cases, and not to exceed ten (10%) per cent loose, and the cash discount and brokerage not to exceed four and one-half ($4\frac{1}{2}\%$) per cent on all raisin stock, as at the time immediately preceding such loss, and in the event of other insurance permitted thereon, then liable only for its proportion thereof.

DRIED FRUITS

It is understood that in the event of loss and damage on dried fruits under this policy the fruit is to be listed as of the average of the season in the district where grown and this company shall not be liable for more than ninety (90%) per cent of the market value of the dried fruit hereby insured, and the gain in dip on prunes is fixed at not to exceed three and one-half ($3\frac{1}{2}\%$) per cent; on peaches, not to exceed seven (7%) per cent; on apricots, not to exceed eight (8%) per cent; and the cash discount and brokerage not to exceed four and one-half ($4\frac{1}{2}\%$) per cent on all dried fruit stock, as at the time immediately preceding such loss, and in the event of other insurance permitted thereon, then liable only for its proportion thereof.

The President—Gentlemen, this is a most important subject, and it has been fittingly handled by Mr. Meade. As all of our adjusters know, if we had a clause on the policy such as he suggests, we would have little difficulty in handling these packing house losses. There is no reason why we should not have a clause in such forms, the same as we have on hay forms. I would like to entertain a motion to the effect that the chair appoint a committee to report to the Board of Fire Underwriters, requesting that this matter be given consideration by their Executive Committee. Mr. Sexton, you have been listening to this paper. Can you make some remarks about it?

Size	Formula and check out from growers			Formula and check out from packers			Formula and check out from shippers			Loss
	Received from growers	Received from growers	Received from growers	Received from growers	Received from growers	Received from growers	Received from growers	Received from growers	Received from growers	
20/30	42,924	38,750	1669	5843	373	5468	16	5484	16	74035
20/40	25,513	14,718	6339	11366	38625	75039	1663	76702	1663	747845
20/50	41,411	41,411		41,411		41,411		41,411		747845
20/60	202,972	503,715	21691	155026	30000	202,972	1292	202,972	1292	1852119
20/70	676,509	56020	23584	96566	20000	76566	861	77427	861	10567103
20/80	578,156	89729	19803	48365	15615	32740	673	33413	673	5807102
20/90	333,757	247215	36542	49342	5500	43842	237	44079	237	225538
20/100	240,274	148033	42241	3675	2000	96616	86	96702	86	253454
20/110	127,699	106403	4582	25878	1000	24878	43	24921	43	1135510
20/120	76198	76198	76198	76198		76198		76198		105913
20/130	67641	67641	67641	67641		67641		67641		76198
20/140	27223	27223	27223	27223		27223		27223		67641
20/150	2394425	872632	96843	969475	113125	856350	4971	861221	4971	2061691
20/160	3267057									2061691
Total pounds Prunes burned.										744346

PACKED AND BURNED (113,125 lbs.)		
20 30s faced	15. 25 lb. boxes	375 @ 144 \$ 53 91
30 40 "	46. 25 lb. "	1,150 " 101 117 88
30 40 unfaced	275. 25 lb. "	6,875 " 10 687 50
30 40 unfaced	1,000. 124 lb. "	27,500 " 101 2,818 75 (Foreign)
40 50 unfaced	62. 50 lb. "	3,100 " 091 302 25
40 50 unfaced	425. 25 lb. "	12,625 " 09 1,136 25
40 50 "	135. 50 lb. "	10,625 " 081 929 69
50 60 unfaced	650. 25 lb. "	6,750 " 081 573 75
50 60 unfaced	75. 50 lb. "	16,250 " 08 1,300 00
60 70 unfaced	320. 25 lb. "	3,750 " 071 281 25
60 70 unfaced	25. 25 lb. "	8,000 " 071 580 00
60 70 "	140. 50 lb. "	625 " 07 43 75
70 80 unfaced	50. 25 lb. "	7,000 " 061 472 50
70 80 unfaced	100. 25 lb. "	1,250 " 061 78 13
70 80 "	35. 50 lb. "	2,500 " 06 150 00
80 90 unfaced	50. 25 lb. "	1,750 " 051 100 63
80 90 unfaced	15. 50 lb. "	1,250 " 051 68 75
90 100 "	20. 50 lb. "	750 " 05 37 50
90 100 "	20. 50 lb. "	1,000 " 041 42 50
3943		
Less .041% cash discount and brokerage.		
113,125		
9,774 99		
439 87		
9,335 12		
60,591 25		
Less and damage		
\$69,926 37		

Formula and check out from growers		
20/30	42,924	38,750
20/40	25,513	14,718
20/50	41,411	41,411
20/60	202,972	503,715
20/70	676,509	56020
20/80	578,156	89729
20/90	333,757	247215
20/100	240,274	148033
20/110	127,699	106403
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Mr. Sexton—Yes, I can remark a good deal upon that subject. On lumber and products of factories, particularly where they are insured on a co-insurance clause of 102 percent or something like that, the transactions of a whole season, with pinchings and swellings, and shrinkage and rebates, and commissions, and other matters on which we must take the insured's statement or estimates for, always in favor of the claimant, because he has things his way—on such risks. The result is that when we have a loss at the end of a season, or a loss in a lumber yard at any season, all of the transactions and all of the advantages in the way of trade are in the bin, where the fruit burned, or in the lumber yard. While they might not affect 1 percent of what there was in the yard or bin, they might reach a figure on the total of the season's transactions that would amount to 10 percent of what there was in the yard. There is no adjuster on the Coast that can adjust a lumber loss or a fruit loss with the claimant and pay less than 105 percent or 107 percent for each dollar that the claimant would realize out of it, if he sold it in due course of trade. I am satisfied that a 90 percent loss clause would give the claimant from about 95 or 98 percent of his loss, and in some cases it would go to 100 percent or over, and be fair to the company and to the people who want to pay insurance rates, for indemnity and not for profit. Mr. Meade has referred to some old transactions here. The fact is, with regard to those transactions, that many of the men, like you men today, who took an interest in that then, have since become managers. They did not convert the managers that they had then, but when they later became managers, they adopted what they learned here, they adopted principles of underwriting from this underwriting training school, and matters like this will be valuable from that point of view. The paper is one of the valuable papers here presented, and should be read very carefully by every adjuster present. (Applause.)

Mr. D. A. Spencer—Mr. President, I think it has been the experience of very nearly every adjuster who has had anything to do with manufacturing establishments, or any kind of an establishment where the fruit or lumber or any of those things goes through any manufacturing process, that the question of profit always comes in, the insured almost always claiming market value, and if he chooses to go to the courts, he can get it. Mr. Meade and Mr. Sexton and many other adjusters, including myself, have over and over again urged upon the managers the adoption of some form in their slips that will say exactly what they mean, and Mr. Meade's suggestion as to the fruit packers should apply to all enterprises where the manufacturing process enters into the product, so that we would know whether it is a 90 percent loss clause or a three-quarters loss clause. Some definite clause should be inserted to limit the loss to the company, taking the market price as the value. I remember of one curious little incident relating to the subject of market value and cost of production. An adjuster who is now dead and myself had had a good many discussions on this subject of market value and cost of production, and I had always insisted that, wherever the insured saw fit to go to the courts, he could claim market value and collect it, as in the famous New Orleans lumber case, and cases in the Carolinas and various other States. The adjuster in question seemed to controvert my position. He had a loss up at Arcata, I think it was, on some lumber, and he came back from the loss and said, "You will be interested to know that I was able to settle that loss on cost of production." I said, "Yes? Well, that's very good. That's a pretty bright lumber man up there. How did you do it?" "Well," he said, "I insisted upon it that that should be the basis of settlement." I saw the owner of the property, who happened, by the way, to be this Mr. Smith who had this big loss up here at Bay Point, and he said to me, "I had a pretty good settlement with that adjuster that was sent up there." I said, "Yes? How is that?" "Well," he said, "he insisted upon settling

it upon the basis of cost of production, and I said, 'Very well. All right. That suits me,' and I stated that the basis or cost of production was \$12 a thousand, and so we settled upon that.'" And this lumberman said to me, "That was waste lumber, which we were selling at \$8 a thousand. So you see we got a pretty good settlement.'" I think Mr. Sexton has given us a good many illustrations of cost of production on lumber well worth studying.

The President—Will someone make a motion to refer this to a committee of three to be appointed by the chair?

Mr. Main—I will make the motion, Mr. President, that the matter be referred to a committee of three, to be appointed by the chair, to consider the matter and send their report to the Board of Fire Underwriters of the Pacific, with the recommendation that it be adopted.

Mr. Sexton—I second the motion.

The President — You have heard the motion, gentlemen. What is your pleasure?

The motion carried unanimously.

The President—The next paper upon the program is "Automobile Insurance," by Mr. Wm. M. Klinger. Mr. Klinger is probably the oldest automobile man on the Coast, and he knows more about it than any of us. Gentlemen, Mr. Klinger.

Mr. Klinger—Mr. President and Gentlemen: While I thank the President for the introduction, yet I want it to be understood that I don't know all about automobile insurance. I have yet much to learn. The subject is one that is comparatively new to the underwriting fraternity, and in getting up this paper, I have endeavored to touch upon the salient features of automobile insurance as it applies only to the fire and marine companies. I have not in any way touched upon the casualty side of the matter. So, with your kind indulgence for a half hour, we will try to cover the subject from gasoline to joy rides.

AUTOMOBILE INSURANCE**Wm. M. Klinger**

Special Agent Fireman's Fund Ins. Co.



The automobile was practically unknown fifteen years ago, and the few in operation at that time were curiosities to most people, and a matter of contempt to many. Since then, especially from 1902 to the present time, the motor vehicle industry has grown rapidly and its progress can not be stopped; in the United States it has grown more rapidly than any other industry. It is interesting to note the growth of this branch of trade from year to year. Prior to 1904 statistics are not available; during that year there were built 22,000 cars; in 1905, 38,000; in 1906, 70,-

000; in 1907, 90,000; in 1908, 110,000; in 1909, 125,000; in 1910, 170,000; in 1911, 210,000, and in 1912, 300,000; while the output during 1913 is estimated to have been over 650,000 cars, with a value of over a billion dollars. The prospects for 1914 do not appear to be as encouraging. An official of a motor car factory, who is also president of the Automobile Chamber of Commerce, a national organization that numbers among its members all the leading automobile manufacturers of the United States, says:

"Business conditions, not only in this country but throughout the world, are being affected by influences and economic conditions that are in the nature of a reaction and re-adjustment after a number of years of rapid expansion and development. The automobile industry itself has been an example of such development, and now has reached a point where continued startling increases in production are no longer necessary or justified. In ten short years it has wholly transformed one phase of urban transportation, and having accomplished that task, it can best ease up for a while, and supply normal demand, rather than try to force reluctant further markets. Some doubtless well meaning men are endeavoring to 'boost' the industry, as they term it, by exaggerating the present activity and future production of the big automobile manufacturing centers in a way that comes close to falsehood, and in doing so they complicate matters unnecessarily. What

is needed above everything else is confidence, and lies and exaggerations, either pessimistic or optimistic, serve to destroy that confidence. The industry is strong and prosperous enough to require no false 'boosting.' There can be no wild and unconsidered development, based on mere hope and optimism. Its progress now must be based upon sound business judgment, which means expansion and increase only where a sure market has been found."

From the foregoing statements it may be assumed that fewer cars will be manufactured this year, hence a corresponding reduction in premiums written.

The development of the industry has been a factor in establishing various branches of business, one of which is automobile insurance. It has developed to such an extent that today certain companies are exclusively engaged in writing automobile insurance covering the vehicle against every possible loss to which it may be subject, while other companies have organized special departments for this branch of underwriting. The development of automobile insurance has kept pace with the production of the motor car, and for purposes of comparison with present day conditions, will read to you extract from an article written by me for a motoring magazine published in April, 1906:

"At the close of the motoring season of 1905, it was the unanimous opinion of the most prominent manufacturers of automobiles that the year of 1906 would show a greatly increasing demand for their product providing it were possible to secure some adequate system of indemnity against the multiplicity of hazards to which motor vehicles are subject. Manufacturers, designers and engineers devoted much time and study toward the elimination or reduction of the natural hazards of automobiling. Many changes were made in the arrangement of the carburetor and commutator, resulting in a corresponding reduction in the number of explosions, but it is safe to say that the total elimination of fire hazard will never be reached.

"Several insurance companies in 1905 employed experts who gave this subject their undivided attention, and upon their recommendations engaged in writing automobile insurance. It may not be amiss to state that because of the underwriting of automobile insurance is due in a large measure the advance in the value of cars now being operated to the enormous amount of \$250,000,000. Great Britain was the first country to introduce motor car insurance. In that country underwriters will assume the liability of every known hazard upon which a percentage of profit may be obtained. Companies were early organized

in Great Britain to cover exclusively against loss or damage these risks, and extended the policies to cover damage through collision and claims for personal injuries sustained by owners and to third parties. Specific or general policies at the option of the applicant can now be secured in Great Britain. Specific policies include either the fire, collision or liability hazard, while a general policy covers a combination of all risks. As the development of the automobile industry progressed in America, the demand for protection against the natural hazards to which the motor car is subjected became general, but the underwriters were skeptical about issuing a 'floating policy,' and did not believe that this clause of hazard could be scientifically underwritten. Through many years of experience they had successfully classified other insurable properties, but at first glance could not see their way clear to assume risks of a 'special hazard' nature, upon which a classification had never been previously made. They figured that a building being a stationary object, a value could be placed upon it; the fire insurance inspector could periodically inspect it and determine its depreciation, according to use, age and occupancy; stocks of merchandise could receive like treatment, and rates could be applied according to the table of experience. Sea-going vessels could be valued by a marine company's surveyor; their ports of destination and hazards were known, and the cargoes had staple values. With this knowledge rates could be made accordingly. Automobiles, however, are of a very different character from the properties mentioned. They are migratory, without permanent place of storage, likely to be destroyed by the burning of the garage, by self-ignition, by explosion or lightning while in service on the road. Motor cars may be wrecked in transportation by railroad or water conveyance; they are readily pilfered or stolen. They are subject to rapid natural depreciation in value varying according to use and care. Stability of construction must be taken into account, and a further consideration must be given to the fact that cars depreciate in value, owing to a fickle public fashion that demands new models annually. Perhaps the principal objection which the old line companies had to assuming the risks incident to automobile insurance was the possibility of an accumulation of insured machines in any one garage, and the consequent danger of a single fire causing an exceedingly heavy loss. However, the manufacturing of motor cars having passed the experimental stage, the demand for protection by insurance from manufacturers, dealers and owners became urgent. The manufacturers claimed they had minimized the inherent hazard of self-ignition and explosion;

the dealers insisted that insurance indemnity would increase the number of sales, and the prudent man would not invest if he could not protect his investment. With these conditions, companies entered the field and commenced writing automobiles under a floating form.

"Not only has the introduction of automobile insurance been beneficial to those directly interested in the manufacture, sale and use of motor cars, but it has also been responsible for the development of the country, notably in the Nevada gold fields. Owing to the extreme difficulty of penetrating the desert regions, mining men have been hampered in their prospecting expeditions. It was suggested that the most convenient and rapid mode of travel in Nevada would be by the use of the motor car, but owing to the physical conditions of the country it was necessary to employ high priced and substantially constructed cars. Those interested hesitated to make large investments in the purchase of automobiles unless the machines could be insured. Being in a position to protect themselves through the introduction of automobile insurance, the promoters are swarming the deserts in their motor cars, new and paying territory is being opened up, and Eastern capitalists are being directly interested by being taken to the scene of the properties in comfortable touring cars."

There were five companies issuing an automobile floater policy in 1905, fifteen companies were operating in 1910, while today there are probably sixty companies engaged in this class of underwriting, and others contemplate entering the field during this year. When the demand for automobile insurance arose, the several companies then operating issued a "valued" policy, the terms and conditions being principally those of a marine contract; the insured was compelled to carry 80% of the cost of the car or become a co-insurer, but it was soon discovered that this system created a moral hazard. A dishonest claimant knew that disputes as to the value of a car in the event of total loss could not arise. It became obvious that cars of all makes depreciate from 20% to 50% a year, depending upon the construction, use and abuse, and it further became apparent that a change in policy form and rates was necessary. The insurance companies with head offices in the Eastern States and abroad, formed an organization known as the Automobile Underwriters' Conference, all underwriters of automobile insurance within the United States or Canada being eligible to membership. The objects of the organization are to serve as a medium of exchange of information, to secure the adoption of suitable and uniform policy forms and clauses; to make investigations and recommendations with the object of eliminat-

ing or reducing danger of fire and other casualties; to gather statistics and make investigations concerning hazards, as a guide to indemnity by its members; to furnish advisory rates of premium to its members, covering general or special classes of business or individual risks, and to prevent giving rebates, it being understood that none of these objects would be obligatory where the enforcement thereof would violate the laws of any State or Territory. A standard form of policy was approved, known as the Conference valued form. This policy contained a clause reading, "The said automobile hereby insured (body, machinery and equipment) is valued at the sum insured." Another form known as the Conference non-valued form was also approved; a reduction in rate is allowed for the elimination of theft and valued policy clauses. The Pacific Coast Automobile Underwriters' Association, organized for similar purposes, has jurisdiction over Pacific Coast territory.

POLICY

The Conference form of automobile policy now in general use throughout the United States, covers the automobile and equipment described under trade name, factory and/or motor number, type of body, motive power, number of cylinders, year built and model of car, while within the limits of the United States (exclusive of Alaska, Hawaiian Islands and Porto Rico) and Canada, covering while in building, on road, on railroad car or other conveyance, ferry or inland steamer, or on coastwise steamer between ports within said limits, against direct loss or damage to the automobile insured, caused by fire arising from any cause whatsoever, including explosion, self-ignition and lightning; also while being transported by any conveyance on land or water, against loss or damage caused by the stranding, sinking, collision, burning or derailment of such conveyance; also against general average and salvage charges for which the insured is legally liable; and also against loss or damage if amounting to \$25 or more on any single occasion by theft, robbery or pilferage by any person or persons other than those in the employment, service or household of the insured. Robes, wearing apparel, personal effects or extra bodies not covered unless by special endorsement.

EQUIPMENT: This consists of a wind shield, top, including the back and side curtains, lamps, self-starter, demountable rims, extra casings and inner tubes, horns, speedometers and clock or other essential parts of the car itself, but does not include robes, wearing apparel, gloves, goggles, or other articles for personal use.

GENERAL AVERAGE: There is a general average act where any extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperiled in common adventure. When there is a general average loss, the party on whom it falls is entitled, subject to the conditions imposed by maritime law, to a valuable contribution from the other parties interested, and such contribution is called a general average contribution.

SALVAGE CHARGES: Subject to any express provision in the policy, salvage charges incurred in preventing a loss by perils insured against may be recovered as a loss by those perils; "salvage charges" means the charge recoverable under maritime law by a salvor independently of contract, i. e., after encountering very bad weather a ship is rescued by a steamer with which no contract is made, and which afterwards obtains a reward as salvage money.

It is a condition of the policy that the automobile insured shall not be used for carrying passengers for compensation, nor rented, nor leased, nor operated in any speed contest during the term of the policy, unless assented to by the company in writing. A violation of this condition voids the policy.

There is an automatic reinstatement clause contained in the policy, reading: "In the event of loss or damage to said automobile, whether such loss or damage is covered by this policy or not, the liability of this company under this policy shall be reduced by the amount of such loss or damage until repairs have been completed, but shall then attach for the full amount as originally written, without additional premium.

The policy does not contain any restriction concerning the use or storage of gasoline.

There have not been many decisions rendered by reason of the fact that automobile insurance is an institution of such recent inception that there has not been sufficient time for courts to establish any precedents, so that any decisions in this connection are of interest.

When personal property is insured against fire, derailment and collision, the insured has the burden of proving that the damage was done through one of such causes.

When a policy of insurance indemnifies an owner of an automobile against loss or damage occasioned by theft, robbery or pilferage, the owner can not, under this clause of the policy, recover for damages to a machine which had been taken by another and used without the consent of the owner but without any intent to steal. In common

law, theft is synonymous with larceny. The word robbery as used in the contract should be given the same meaning as that set forth in the penal code. Pilferage is petty larceny. The intent to steal is a necessary ingredient in all these cases. Where a policy of insurance on an automobile provides that the company shall not be liable for more than the actual cost of the suitable repairs of the machine, it is sufficient for the insured to prove the cost of the repairs to the machine, and that those repairs were reasonably worth the amount of charge.

Rates governing automobile insurance in the Pacific Coast States were originally based on the fire rate of the building in which the automobile was usually stored, it being the general impression that the greatest hazard was in the garage; the minimum rate, however, was $2\frac{1}{2}\%$. It developed later that a large percentage of losses occurred while the car was being operated on the road, and this condition caused the companies to make a flat rate to apply to all locations. The loss ratio of the companies operating under this rate soon demonstrated the fact that this was not the proper system. Cars of the lighter and cheaper construction wracked quickly, and the vibration caused leaky gasoline lines and chafed wiring; this condition did not exist to such a great extent in the high-grade and more expensive cars, though it received the same consideration in rate. The heavy loss ratio can be traced to cheap cars that have been in use several seasons. This condition brought about an equalization of rates.

The combined experience of companies operating on the Pacific Coast demonstrated that rates on current models could be reduced, while rates on old cars had to be materially increased, hence a schedule became effective February 1st of this year, in which cars of current year make listing for over \$1500 have been decreased $\frac{3}{4}\%$, while cars three years old listing for over \$3500 have been increased $\frac{1}{2}\%$, and those listing for from \$1500 to \$3499 are increased $\frac{3}{4}\%$. Current year models listing under \$1500 have been reduced $\frac{1}{2}\%$, and three year old models listing for \$700 to \$1499 are increased 1%. Strange as it may seem, older models of cars listing under \$700 show a smaller loss ratio than those of the grade next above, hence the rate has been increased only $\frac{1}{4}\%$.

ELECTRIC VEHICLES

The number of losses on this class of motor cars is not sufficiently great to occasion any undue alarm, nevertheless losses are occurring with some degree of regularity and form a fairly well defined series of

causes, they being principally from over-heating of resistance coils by accidentally throwing on the current while the car is idle, from heat given off by resistance coils in ordinary use, short circuit in wiring caused by water, short circuit in wiring caused by chafing or bruising of insulation, and ignition while charging—these are direct causes.

In addition some indirect or consequential causes may be cited: damage to batteries claimed from rapid discharge by a short circuit after a fire which has burned the insulation; damage to the batteries from the jar of a collision, where the car itself suffers comparatively small damage. Then there are the external causes, such as garage fires, spontaneous combustion, etc.

As to the relative rates for insurance on electric cars, it may be stated that they are lower than the gasoline by reason of the fact that causes for loss are not as great.

PRIVATE GARAGE WARRANTY

Several years ago the companies allowed a credit of $\frac{1}{2}\%$ for the use of a private garage warranty attached to the policy. Under this warranty it was understood that the automobile insured must at all times be kept in the private garage or private stable, privileged however to operate the car, and when so doing to house in any building for a period of not exceeding fifteen days at any one time, provided the car is en route, visiting or being cleaned or repaired.

Advantage was taken of this privilege; unscrupulous owners knew it was impossible for the insurance company to know whether a car was away from its private garage for a period of more than fifteen days, and the purpose of the company originating the above warranty was defeated. The warranty is no longer used; it was eliminated on July 1st, 1911.

LOSS BY FIRE

While the automobile, as compared to other apparatus using gasoline as a fuel, is relatively safe with respect to the hazard of fire, the flame being confined to closed cylinders, it is nevertheless true that builders of some modern motor vehicles do not give proper thought or consideration to possible internal fire hazards when designing the car, or deciding on the location of magnetos, carburetors, or gasoline tanks. There are many defective cars from an underwriting point of view upon the market; the carburetor may be too close to the exhaust pipe, or to an uncovered timer or distributor; it is obvious that the

carburetor should be placed on the opposite side of the motor from the exhaust pipe or timer, and the gasoline tank and carburetor should be so placed that any possible leak will not be blown by the fly wheel or fan toward a hot exhaust pipe.

ROAD FIRES

There is an ever present danger of cars burning while being operated through a gasoline leak at the couplings. These couplings are at either end of the pipe connecting the gasoline tank with the carburetor; they may break on account of vibration of the car on rough roads tending to bend the pipe at that joint. The leak will cause the gasoline to vaporize and ignite from a stray spark from a faulty terminal, a terminal being the end of the wires carrying the electricity from either batteries or magneto to the spark plug, or possibly from a spark caused through short circuiting of the wires mentioned, or from the heat of the motor or exhaust pipe. Back fire into the carburetor at a time when the carburetor is flooded with gasoline is a most frequent cause of fire. Flooding is most frequently due to the float valve being stuck, or the needle valve leaping off its seat under the influence of road or engine vibration. Usually these back fires in the inlet pipe are due to an excessively weak mixture of gasoline, that is, not enough gasoline for the amount of air introduced into the carburetor, or poor quality of gasoline. Under ordinary normal conditions there is no danger of firing the gasoline; should, however, the carburetor be accidentally flooded, the gasoline contained therein may be ignited. If this occurs the danger of a total loss may be avoided by stopping the machine, turning off the supply of gasoline and permitting the engine to run; the flames are thus prevented from spreading, and will be extinguished through suction in the inlet pipe and by the gasoline supply being exhausted. Fires are due to brakes becoming overheated. This usually occurs when coasting down hill with brakes set, the temperature of the braking surface being sufficient to ignite the oil or grease.

The most prolific causes for automobile fires are from overheated exhaust pipe, explosion of muffler, defective boiler casing, loose flush cock, cigarette smoking in garage, or from an adjoining automobile, defective circuit wire, explosion of acetylene gas generator, explosion while filling tank, ignited through upset, defective magneto, washing with distillate, friction of brake, defective prestolite tank, defective commutator, overheated steam generator, explosion of gasoline in pit,

flooded burner in steamer, spark from nearby burning building, ignition of bucket of gasoline, defective boiler, open stove in garage igniting gasoline vapor, explosion of prestolite tank, back fire into carburetor, defective tail lamp, igniting from back fire through muffler, leak in gasoline pipe, striking match in garage while gasoline tank was open, combustion of oily waste, burned on street when driver used lamp to look for gasoline leak, passerby throwing match near car while standing on street, burner melting, defective pilot light, sparker struck while cleaning car, gasoline ran into generator too fast, ran off road breaking gasoline connections, oil pumped through air valves caught fire from pipe, cleaning magneto by forcing gasoline, overflow of gasoline, cleaning spark plug with gasoline and testing before gasoline evaporated, explosion in crank case, ignition of gasoline vapor under hood, electric light placed on seat, acetylene tubing became detached, match dropped in pan, turning lamp too high, lighted cigarette thrown in tonneau.

Many other causes could be mentioned, such as ignorance in caring for the car, neglect in cleaning pan extending under engine where spilled gasoline and oil are permitted to accumulate, mechanic working under car with electric light and accidentally breaking the bulb, gasoline tank perforated by stone and escaping gas ignited by spark from muffler. It is obvious, however, that most fires are subject to conditions beyond the control of the owner.

GARAGE FIRES

Whether most garage fires are caused through smoking or the careless handling of gasoline is problematical. It is claimed that many fires are due to difficulty in starting a motor—possibly the electric spark won't ignite the mixture, the carburetor is flooded, the gasoline overflows into the drip pan or on the floor, and when the motor does start the explosion through the muffler may ignite the vapor rising from the liquid gasoline on the floor. One fire was started by a spark from an iron nail in the heel of a shoe as it scraped over the cement floor.

Conflagrations have been caused through filling the gasoline tank when the lamps are alight. Many automobiles have dash board tanks with the opening too close to the side lights, while the pressure fed cars have the tanks conveniently located at the rear close to the tail lamp. Cars constructed in a more modern way have electric side and tail lamps, thus eliminating this hazard.

Smoking should be prohibited by ordinance; mechanics who have formed the habit of smoking while working on a car, lose all sense

of precaution. There is always a chance of a tool striking the gasoline line pipe, causing a leak, which may be unobserved, but in sufficient quantity to cause a gaseous vapor, which when accidentally lighted by a spark from a cigarette, cigar or pipe may result seriously. The use of gasoline for cleaning purposes is one of the most serious hazards that confronts the underwriter.

Garage fires have been of such frequent occurrence that it is necessary for underwriters to insist that the rules for prevention of fire be carried out. Dynamos or gas engines should not be permitted where gasoline is handled or stored; heating stoves and all exposed lights should be eliminated; acetylene lamps should be cleaned outside of garage; removal or renewing of carbide should not be allowed inside the building. Oil and gasoline should be emptied and tank cleared of gas through introduction of air pressure before automobile is placed in repair shop. Electric light bulbs should be encased in wire guards; testing of motors should be done outside of building. Lubricating and other volatile oils should be contained in heavy barrels or tanks as far away from building as possible. Gasoline should be stored in tanks at least four feet under ground and outside of garage; filling should be done outside of garage. Floors should be kept free from drippings, and buckets of sand, or approved fire extinguishers should be kept handy. Danger lurks in garages having cement floors and a wash drain; oil and gasoline waste flow down the drain but float on top of the water in the trap; the gasoline throwing off its explosive vapor, a lighted match or any other spark or exposed flame or live fire of stub of cigar or cigarette, causes an explosion with the inevitable result.

The Chicago Board of Underwriters realizing the hazard in connection with garages, recommends the following rules:

Gasoline supply tank to be buried four feet below the surface of the ground, as far from building as possible up to thirty feet.

Gasoline pump, if inside building, to be of approved design.

Automobile tanks, if filled inside building, to be connected by substantial tubing (not exceeding seven feet in length), to approved pump, or to approved portable tank. Tubing to be attached permanently to pump or tank and to be provided with a quick closing valve.

Approved portable tanks, if filled inside building, to be connected by substantial tubing (not exceeding seven feet in length) to approved pump.

Gasoline, other than above, used inside of building, to be transported only in approved one-gallon safety can.

The use of gasoline, benzine, naphtha, turpentine, or other liquids of a similar nature for cleaning floors, or in open vessels for washing hands or machine parts, etc., should be prohibited.

All rooms in which gasoline vapors are present to be properly ventilated.

Repair shops or other rooms where oil is used or stored, to be provided with pails of sand and/or approved chemical extinguishers.

Chemical extinguishers to be recharged every six months and to bear a tag stating date of last charging.

Heating (in rooms where gasoline vapors are likely to be present) to be by steam, hot water or furnace, boiler, heater, or furnace to be isolated from gasoline vapors.

Incandescent electric lights to be used in rooms where gasoline is used or contained. Extension lights to have vapor-tight globes and approved portable cord.

Open lights of all kinds (gas jets, lamps, torches, candles, etc.) to be prohibited except in office or wareroom.

Lighting of matches in any room where gasoline is present to be strictly prohibited except where necessary in repair shop.

Smoking to be prohibited in every room in which gasoline is used, stored or handled; "No Smoking" signs to be posted in conspicuous places.

Calcium carbide, if carried in stock, to be in approved metal cans constructed in accordance with rules furnished by this Board.

Tanks containing acetylene gas, if carried in stock, to be limited in number to five, not including those on cars.

Repair shops to be provided with approved metal waste cans. Cans to be emptied at least once a day, and especially at closing time.

Soldering irons, if used in building wired for electricity, to be approved electric.

EXTINGUISHING GASOLINE AND OIL FIRES

Water is extremely unsatisfactory, as it is the means of carrying the gasoline flame or burning oil, rather than smothering it. If, however, the quantity of burning oil is limited, a large quantity of water will drown the fire. Grenades carrying fluid or powder extinguishers have proven efficient where the fire has been discovered in its incipency. Hyposulphite of soda and acid extinguishers are more effective than

water. A good extinguishing compound can be made by dissolving a quarter of a pound of hydrosulphite of soda in a pint of water, adding three ounces of ordinary ammonia; this carried in an automobile will be found handy in case of emergency. To extinguish fires discussed under this heading, the most successful operation is to exclude the oxygen by forming a blanket of gas or some solid material over the flame, as gasoline without air will not burn. Sawdust has proven a splendid blanketing agent—its efficiency is due to the fact that it does not easily ignite.

Experiments made with carbon tetrachloride have been highly successful, its specific gravity being about $5\frac{1}{2}$ times that of air; the vapor is heavy and settles rapidly.

THEFT LOSSES

Petty thefts which the police are powerless to stop are a source of untold annoyance; casings, tubes, prestolite tanks, and other removable accessories are continually being stolen from cars. Joy riders have no hesitancy in stealing cars and abandoning them when gasoline and oil have been exhausted. Usually the automobile is found in a wrecked condition. Automobile thieves have made a practice of stealing cars in one city, shipping them to a distant point, where the appearance is so altered it is impossible to identify the stolen car. At one time cars were stolen and stored away until the insurance company or owner offered a reward for their recovery; usually the reward amounted to \$100; but the automobile thief has grown wiser and finds it is more profitable to take the car to some garage that may be the rendezvous of automobile thieves, or to a shed in an obscure location, there repaint the machine, remove all distinguishing marks, and then dispose of the car for half its value.

COLLISION INSURANCE

Collision insurance is written under five different forms, A, B, C, D, and E.

Form A, known as the Damage sustained in excess of \$25, covers damage to the automobile and/or equipment in excess of \$25 (each accident being deemed a separate claim and said sum being deducted from the amount of each claim when determined) by being in collision during the period insured with any other automobile, vehicle or object, excluding damage or loss to tires, unless the total damage caused by the collision to the automobile herein described exceeds the sum of \$200;

damage caused by striking any portion of the roadbed or by striking the rails or ties of street, steam or electric railroads, and loss or damage while the automobile insured is being operated in any race or speed contest, or while being operated by any person under the age of sixteen years or under the age limit fixed by law.

Clause B is the same as Clause A, except that there is no deduction—it is known as the “full coverage” form.

Collision Clause C covers sums which the assured shall become liable to pay for damage to property (excepting to the property of others while in charge of the assured or the assured’s employees) or for legal expenses incurred with the consent of this company in connection therewith through collision of the automobile herein described with any other automobile, vehicle or object, either moving or stationary, during the period insured. This company shall not in any event be liable under this provision for more than the actual value of the property destroyed at the time of its destruction, or the actual cost of the suitable repair of the property injured; this clause is usually written to cover \$1000 on account of any one collision. This clause also covers damage sustained the same as Clause A, thus combining collision insurance for the automobile itself, and for property of others that may be injured or destroyed.

Collision Clause D covers the same as C, except that there is no deduction under the damage sustained portion.

Clause E covers damage to property without deduction, and has no damage sustained provision attached, being “damage to property” alone.

It is the opinion of many underwriters that the wording of these collision clauses is too ambiguous, leaving as it does many opportunities for argument as to the extent of coverage and interpretation—it is a settled fact that if a provision in a policy is susceptible of two constructions, so that reasonable men upon reading the contract would differ as to its meaning, that construction will be adopted which is most favorable to the insured.

For the purpose of collision rating, risks have been divided in several classes—private pleasure cars, public automobiles, commercial vehicles, and manufacturers’ and dealers’ automobiles. Collision premiums, that is, the premiums for damage sustained on private pleasure cars, are determined for each make of car and based upon the type of same, the cheaper priced cars paying an annual premium of \$28 where the \$25 deductible average clause attaches, while the more expensive

cars (depending upon style of body) pay as high as \$200. If full coverage is desired an additional premium is charged on each class of cars. You will note these premiums are not based on rates, but an annual premium is charged, except in the following instances:

Where cars are used for rent, or as public vehicles (other than livery), the rate under Clause A is 4% of the manufacturer's list price, plus full cost of equipment; and add \$35 where Clause B applies; the minimum annual premium for damage sustained is \$30 per car. For commercial, manufacturers' and dealers' cars, the rate under Clause A is 2 2-5% of the manufacturer's catalogue list price, plus full cost of equipment; add \$35 where Clause B applies; the minimum annual premium for damage sustained is \$30 per car. Livery vehicles take the same premium charge as private pleasure vehicles, plus 20%. Electrics and motorcycles pay \$7.50.

PROPERTY DAMAGE

For property damage, that is, damage to property of others, premiums are based upon horse power and the purpose for which the automobile is used, and are for a limit of liability not exceeding \$1000. Private pleasure automobiles of from 16 to 60 horse power take premium charges varying from \$10 to \$20.75. Livery vehicles of from 16 to 60 horse power pay annual premiums of from \$30 to \$62.25; electrics pay \$15. Public vehicles, such as hotel omnibuses and taxicabs, other than livery, pay from \$45 to \$120, depending upon number of passengers designed to be carried. Commercial automobiles are divided into five classes according to the service; the annual premium for the least hazardous service is \$18, while the greatest hazard, supposed to be such as newspaper delivery or mail wagons, ambulances, electric light or street railway companies' vehicles—in other words, cars by reason of their service and necessity used for rapid transportation, are charged \$50. Electrics discount above premiums 10%. Fire patrols and salvage corps automobiles are charged \$160. Manufacturers are charged according to car output and catalogue retail price, the premiums under blanket form ranging from 20 cents to 80 cents per car, according to horse power, for pleasure type; these rates are discounted 33 1-3% for electric automobiles; 50 cents to \$1.00 is charged per car for those of commercial type. Dealers pay \$28 for gasoline or steam cars, and \$20 for electrics used in this business for demonstrating purposes; in this instance either the chauffeur who operates the car must be named, or the car specified by number.

Collision insurance was originally covered by companies whose charter permitted them to write marine insurance; during recent years casualty and accident companies amended their charters permitting them to write this class of business in addition to liability insurance. The insurance laws of some States enable a company to write all kinds and forms of automobile insurance under one policy. There appears to be a difference of opinion as to the class of insurance companies that may or may not cover against the risks of collision. Attorney-General Jackson of New York ruled that the amendatory provisions of Chapter 206, Laws of 1907, are not in accord with the contention of counsel representing the marine insurance companies, that it was not the intention of the legislature to confer authority to issue policies against collision hazards in the use of automobiles upon corporations authorized to transact business under the provisions of Articles 3 and 4 of the insurance law; this interpretation limits collision insurance to casualty companies.

In answer to inquiry by the insurance companies operating in State of Washington asking how automobiles ought to be classified for purposes of insurance, the Assistant Attorney-General has replied that they may be classified with marine risks—"While the modern machine is a thing of beauty, it is an inanimate object, and for that reason livestock, casualty or life insurance would not cover the risk." This leaves only marine insurance, and indeed there are many points of similarity in the risks assumed on an automobile and a ship; both are liable to collision and running amuck, and insurance that meets the risks of a floating vessel apparently covers the risk of an automobile.

Collision losses can be traced to the inexperience of the new car operator, but the actual cause which confronts the underwriter is the moral hazard. We have the driver who violates the speed law or drives recklessly, which can not be proven after the collision occurs; there is the joy rider who stops too frequently at road houses. Then comes the owner, who, after a loss occurs, is most unreasonable in his demand; adjustments are never satisfactorily made, no matter how slight may be the damage he will insist upon replacements with new parts.

It is my belief that the present system of writing collision insurance is faulty. No material questions are asked of the applicant; the fact that he is the owner of the car and financially able to pay the premium is sufficient. The loss ratio, no doubt, could be materially reduced and the rates proportionately so, were the speed mania, reck-

less drivers, and joy riders controlled by policy conditions, and the unreasonable claimant placed on the black list.

An automobile driven into a hole six or seven inches deep and eighteen inches wide between car tracks on a well lighted street, is not such a "collision with an object" as is contemplated by parties to an insurance policy containing a collision clause. It has been held that the collision clause can be applied to cover damages caused by running into an open draw and dropping into a river, the court holding that a river is an object by which damages can be sustained by another moving object.

"Where an owner of an automobile, on meeting a team, was compelled to steer into the grass below the level of the roadbed, and while endeavoring to return, the machine was overturned, the accident was not suffered in the 'roadbed' within a policy excluding insurer from liability for damages caused by striking any portion of the roadbed; the word 'roadbed' in common roads, meaning the whole material laid in place and ready for travel, or the material part of the road."

I have read the paper rapidly, gentlemen, owing to lack of time. Possibly my voice did not carry to the lower end of the room. If there are any questions, I will be pleased to answer them. (Applause.)

The President — Gentlemen, we have listened to a most excellent paper by Mr. Klinger. He has told us everything about the automobile except how to get one without money, and that I suppose we will have to decide for ourselves. The next paper on the program is a symposium, and, rather than being one paper, it is three upon the subject "The Manager, Local Agent, and Special Agent." Mr. J. L. Van Norman was to read a paper considering the subject from the viewpoint of the local agent, but was prevented by some of his family being ill, so we asked a local agent in Oakland to write a paper covering that portion of it, and I am going to ask Mr. Fred C. Burks to read it for me. I want to say that Mr. Burks did not write this paper, and to repeat that it was written by a local agent in Oakland.

Mr. Burks—Mr. President, you should also note that I have not seen the paper until today. When I came into the room this afternoon, your presiding officer, gentlemen, handed me this paper and said, "The author of it isn't here, and it is going to be up to you to read it." I glanced at it, and I don't know about reading it. I think I am going to be in the position of the gentleman we heard about yesterday, where one of the speakers was telling about the country man and his first visit to a circus, stating that after he had seen the hippopotamus he said, "There simply aint no such animal." After reading this paper, and finding out what is in it, I am afraid I am going to have to reserve the privilege, Mr. Chairman, of declaring that there aint no such viewpoint. You said, Mr. President, that this was written by a gentleman in Oakland.

The President—Yes.

Mr. Burks—Maybe I can tell who did it.

THE MANAGER, LOCAL AGENT, SPECIAL AGENT

From the View Point of the Local Agent

A. Freshone



Your president, in a moment of absent mindedness, asking me to write a paper on the manager and the special agent from my viewpoint, that of a local agent, and I approach the subject with fear and trembling. Not because I am afraid of either subject, but for fear that I can not find words enough in the English language to express my feelings fully.

I presume it is necessary to have managers, assistant managers and special agents or the companies would not appoint them; but from my standpoint they could be eliminated with profit to the business.

This also applies to boards of underwriters and to any combination that interferes with my running my business to please my fancy.

They say a man tries every other business before taking up insurance, and I know this to be true, for a great many of the human failures have certainly located in our town and they are all in the business. I tried several lines myself before I was approached by a special agent who persuaded me that it required no capital and that the company furnished everything, except money, that was needed.

In due course I received a full line of supplies and a tariff book of rates. My first insight into the cussedness of managers was here obtained, for I am told that they made the book. I read the book over several times and knew less about it than before I started. If there was ever a book of riddles printed, this is certainly it. If George Ade ever sees this book he will be supplied with jokes for the rest of his days. Studying Greek mythology or sun spots is as easy as "A," "B," "C" in comparison. After reading the book once you become confused and you imagine you are living in the dark ages and everything seems strange about you. Soon after receipt of this wonderful book I received another entitled "Minimum Rates." I looked in the dictionary to see what "minimum" meant and found that it was the least. I took it for granted that I could charge as much more as I pleased but never less, so I concluded to double the rates prescribed.

I had some difficulty getting anyone to consider my rates but finally succeeded in getting a line on the best second-hand hardware and clothing stock in town belonging to Morris Badovvitz. I sent this, my maiden effort to the company. The next day the special agent called to see if the supplies had arrived. He sat down in my chair, put his feet on my new, highly polished desk and commenced to tell me about HIS company, HIS manager and HIS office and to fill me up with his importance. When he thought he had properly impressed me he took his departure, but he returned again the next week and said "the company has instructed the manager to instruct me to cancel that policy on Morris Badovvitz."

Need I tell you what I thought of the company, the manager or the special agent? I suggested to him that I would like to kill the manager and he said there was a rule in the tariff book that read "Thou shalt not kill thy manager nor thy special agent nor anything that is his" and as I have no doubt that it is in the book somewhere, I concluded to wait a more opportune time.

The next day I called at the office of the manager and found that he could only be seen from eleven to twelve o'clock and from two to three o'clock and not at all on Mondays or Saturdays. I inquired what took

up so much of his valuable time and was told that he did not cross the bay until nearly noon; that he played dominoes from twelve until two o'clock and from three o'clock on he played golf. Up to this time I thought that when a man became a manager he had a very easy time of it but I was certainly wrong.

Managers should not be required to go to the office at all, for it is most fatiguing. It is enough to be manager without working. I have often wondered what a special agent did besides stopping at the best hotel, riding in Pullman cars, smoking the most costly cigars, telling worn out stories and taking up all your stenographer's time; but no one seems able to tell me.

It would be unkind to overlook the chief clerk in an insurance office, for both the manager and the special agent lay all the blame upon him. This young man seems to think that his position depends upon his finding fault with every daily report. What business of his is it to ask if there is any gasoline on the premises; if the property is mortgaged; if the property is vacant; how much insurance to value; how I made the rate; is it on the map; have I seen the risk; why is it insured in the wife's name and hundreds of other foolish questions. If he doesn't know, why should he expect me to know. My business is to get insurance, not to answer questions. Companies would receive much more business if they did not ask any questions, and this is one good reason why we could do without managers.

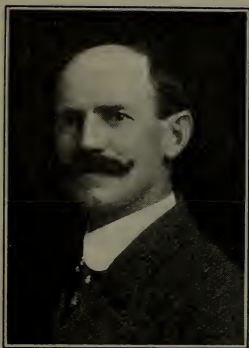
In conclusion let me say that I consider that the manager spends most of his time thinking up questions to bother an agent with and when he can not think of anything he calls in his assistant. If they can not get the agent's goat then they call in the special agent and examiner. Some day the companies will wake up to the fact that they can do without managers and special agents and will send blank policies to all property owners with instructions to fill in the amount they want when they need it.

The President — As the subject is subdivided, we will next hear the matter discussed "From the Viewpoint of the Special Agent" and Mr. George C. Coddington will read us something upon that phase of it. (Applause.)

From the View Point of the Special Agent

George Coddington

Special Agent Springfield Ins. Co.



Preliminary to entering upon the serious portion of my paper I wish to say that our worthy president, to use a slang phrase, "put one over on me," in giving me my subject. When he first approached me and "kidded" me into entering into a literary career by contributing my virgin effort to the proceedings of the Fire Underwriters' Association, he encouraged me by promise of an easy subject and several printed copies to send my relatives and friends.

Spurred by the hope of reward and helped by a fruitful topic, "The Relation of the Special Agent to the Manager and Local Agent," I was only a short while writing about ten thousand words telling what an assistance the field man was to his manager and the local agent.

I read the article to my chief and he said it should be censored; that if it were read, his position and that of many other managers and general agents would be in danger. Upon reporting to my friend Williams, he scanned a few pages, turned pale and said I had "got off on the wrong foot." "You have," said he, "misunderstood the subject. It is 'The Manager and Local Agent from the Viewpoint of the Special.'" Now, wouldn't that jar you? A complete somersault was necessary. Fortunately he said the former article was too long—that one thousand words would do. Well, thought I, that helps some.

I would hate to face the task of writing an article of ten thousand words telling of what use managers and local agents are to the fire insurance business.

My former article was memorized and to be delivered extempore, but on account of the hurried preparation of this article, you will pardon my reading the same.

Now please do not misunderstand me. I do not agree with the majority of the special agents, who believe we could get along fairly well without either managers or locals. To prove my belief in the necessity and usefulness of general managers, I will offer right here to accept the management of any old reliable fire insurance company of good rep-

utation that will pay me 50 per cent more than my present salary and guarantee me a life position.

I want also to say that I do not believe the current fiction that managers spend the major portion of their time smoking fifty-cent cigars and playing golf. On the contrary, I know several who use a pipe and play dominoes. Some complain that they think they know it all. This is untrue. I know it, as I have been asked by several managers whether or not I knew of any good agency opening in Sonoma or Mendocino counties. And as for being haughty or puffed up with their own conceit, such a charge is only due the jealousy of those who, like myself, have had their lightning rods polished and sharply pointed these many years.

Of course, once in a while, some field man meeting a newly appointed manager or assistant will say "Hello, Jack, old man, how goes it?" and be put in his proper place by "Mr. Crosswood if you please." But this doesn't happen every day.

The charge often made by field men that the managers as a body are slow to move, is only partially true. I admit, that when it comes to reducing rates to meet non-Board or mutual competition, they usually spend so much time in discussion and looking for the "nigger in the woodpile," that when the reduction is finally made, the business has passed to our competitor. This happened in connection with our farm rates and is likely to happen as to hops in Sonoma and Mendocino counties.

Why the Board of Underwriters always waits to be forced to do the obvious thing, as in the case of the reduction in San Francisco rates, thereby losing all opportunity for credit for generosity, or fair dealing, is something the ordinary field man cannot understand and should not question—the managers probably, like the Southern Pacific in its rate reductions, which always follow loss of business from competition, have good reasons therefor. If we ever become managers and are on the inside, we shall very likely be put wise.

In spite of these little faults charged by some, we have to thank the managers for a great deal that is good. For instance, an occasional raise in salary; letters that afford us food for thought; one thousand various forms that keep us busy explaining their use to our local agents; rules that enable us to appoint for our various offices, from two to twenty agents in Oakland, Alameda and Berkeley and other growing cities; that permit us to dub anyone from a barber or blacksmith to a hop

grower or mill owner a local agent, providing he controls business enough to make rebating profitable.

Now, as to local agents, I want to say right here that I do not agree with those of the special agents who hold the locals are all spoiled and that the majority do not earn the commissions paid them. I have in mind several agents in my own field who write their own policies and was once told in confidence that a field man had said that he had an agent who remitted promptly on receipt of the company's statement without argument. Of course, this is only hearsay evidence, and I do not vouch for it. I do know for a fact, however, that one of our agents once sent us two hundred dollars too much in remitting for a certain month and our cashier was given a six months vacation on pay that he might recover from the shock. We had another agent who always remitted short. One month his additions would be wrong and the next he would make an error of ten dollars in figuring his commissions; always in his favor. It was harder to get the shortage than the original amount. Finally, while suffering from brain storm, or some other malady, he also sent too much money, about one hundred dollars. On being asked by the cashier what to do about it, I said "establish a sinking fund and charge shortages to the same until exhausted. This he did, and we had a model agent for nearly a year.

Put yourself in the local agent's place. Suppose you represented half a dozen or more companies, and was visited on an average of once a week by an ambitious special agent, whose salutation was, "What can I do for you?" If you were on the water wagon and the doctor had ordered you to cut out smoking, wouldn't you say "Well old man, I wish you would straighten out these fool tags from the board, or answer these queries from the company." Who of us turns down expert help when tendered in good faith and freely?

No, boys, believe me, the local agent, with all his frailties and faults is our friend, only we should try and improve him somewhat. By sitting up nights with him, we might teach him to make his own rates, write his own policies and possibly get him to inspect the prospective risk.

One of our wisest higher-ups says lack of inspection leading to over-insurance is the cause of our excessive loss ratio. He believes that this is the fault of the special agent. Why could we not get the locals to help in this connection. It would provide the exercise many of them need.

And again, my fellow field men, where would we be without the local agent? What sustained our courage when one of our ablest and most fluent special agents thundered at us a few years since, the declaration

that shortly the companies would cease to employ such help? Did we not return the answer, "Not while they depend on local agents for their business?"

Who else but the special can bring order out of chaos when the local says he has no time to visit the farm risk and ascertain whether or not the dwelling boasts a terra cotta or stove pipe? when he says "If you want John Jones' policy, on which the premium has not been paid, you can go and get it?" Jones having disappeared between two days with the policy and another man's wife.

As long as we follow the practice of appointing agents indiscriminately and without limit, so long will the fire insurance business, except in very exceptional cases, be conducted as a side issue, and that interest a man should take in his occupation will be lacking. Fewer agents and larger agencies would dignify the business, produce better results and enable us to secure more conscientious representatives.

The President—Mr. Arthur Brown has been a great many years in San Francisco, and he is amply capable of telling us of the subject "From the Viewpoint of the Manager." I call upon Mr. Brown.

From the View Point of the Manager

Arthur Brown



Some few days since, without the formality of sending in his name or even knocking, a short, stout person forced his way into my office and demanded that I write the third chapter of a new "Book of Revelations" which he was editing, said third chapter to be entitled, "The Special Agent and the Local Agent From a Manager's Viewpoint." Upon inquiry I learned that this short, stout person had, at one time, been a rather successful special agent, that during such incumbency he had acquired the idea prevailing among that well-known class, that a manager

never, under any circumstances, does any work that can possibly be put on others, and that having been recently elevated to a managerial

chair it was necessary for him to demonstrate the correctness of this opinion and to sit back while others worked. Upon my promptly advising him that I had been in the insurance business only thirty short years and could not, therefore, have gained any knowledge whatsoever on so important a subject, he advised that he was fully aware of this—that I was of no more value than the librettist in the modern comic opera, but having learned of a small reputation I have for putting words and phrases together, he desired me to set to words certain thoughts, themes and songs that he had acquired. Upon my reluctantly agreeing, he proceeded to get them out of his system and if they meet with your approval I shall be happy for his sake, though I desire it distinctly understood that the librettist is never held to blame for an opera's failure.

One Noah Webster, who wrote the second "Book of Revelations," defines the word "agent" as meaning "actor," and further on in his much to be studied tome, applies the meaning "peculiar" to the word "special." Judging from the very appropriate result obtained by putting these two definitions together, one is led to believe that Mr. Webster must have been a manager in the insurance business before he graduated into the "revealer" class, also that he must have been a close observer of human (insurance) nature. Mr. Webster also appears to have had great admiration for that well-known writer, William Shakespeare, judging from the numerous quotations from William's works, and in this particular connection he uses the quotation, "trust no agents." Not understanding Mr. Shakespeare as well as Mr. Webster did, we formerly discounted on all occasions this admonition, hence the "Credit Rule."

When I was a young man in the business there was still extant a tradition which you perhaps have never heard of, namely, that at one time there were happy managers. The tradition went on to state that they were plump of person, with ruddy, unlined faces and profusion of their own hair, that they met their fellow men with cordiality and were greeted with every token of respect. Looking around the managerial ranks today and noting how shrunken and worn they are, how haggard of face, how despondent of manner, and how they have become either entirely bereft of hirsute protection or are covered with the "fretted frosts of carking care" (or the remains of Chinese queues) I toiled and puzzled to find a reasonable reason for the great difference. Much delving into ancient and modern literature, much pertinent and impertinent inquiry failed to throw any light until I happened to think once more of "Revealer" Webster. At once the reason became apparent. The good

"Revealer" tells us that the word "manager" indicates "one who manages." Could it have been possible that in the golden era there were managers who were actually permitted to manage their own business, and if this were so, how could the insurance world have been so turned about? I sought counsel from those oldest in the business and the truth was revealed. In the early days there were no "special agents," no "peculiar actors" and no typewriters, either of flesh or iron. When the manager came of the morning to his office he knew that outside of a few necessary loss notices his mail would contain only words of reliance and cheer, that when he went on one of his semi-annual trips his few agents would meet him on his arrival with ceremony and acclaim, that he, in other words, was "IT." He occupied the same exalted position as his confrere today in Northern Europe. That dignitary's lightest word is hung on and when he arrives at a city or town the agent, hat in hand, timidly greets the great man. They, in their wisdom, have only "inspectors" and "engineers" over there.

When the manager picks out with great care young Georgie Gosling to represent him on the road and sends him forth on his maiden trip, has he the confident feeling that Georgie will remember beyond Oakland his instructions and the great words of wisdom so well bestowed? Georgie means well and will probably remember for a few days about a tenth. The first few weeks he does well. He visits only safe and sane agents who, remembering their youth, treat him nicely though Georgie secretly chafes and wonders how a fellow can make a record with agents who have only dwellings and brick mercantiles on their books. Just about this time he gets to Pruneville and there makes the acquaintance of Agent A. Foxy, who falls over himself to welcome a new Gosling. "Mighty glad you came today, my boy, mighty glad. I have a \$5000 policy on the Bent and Shaky Manufacturing Co.'s plant and a \$3000 policy on that fine brick emporium over there (name of assured Mrs. S. Pantofski), which I used to give to the "Goliath," but that special of theirs has been with them so long he thinks he owns his agents and no true American could stand for that. That's \$400 in new premiums for you today and I'll put your company right up at the top." Which does Georgie remember—his instructions or the \$400 premiums?

If old "Credits and Accounts" comes into the manager's office with a doleful face and advises that "Bill Badpay" at Peachville is getting further behind in his accounts, and if the manager wires "Charlie Blue Goose" to immediately make the collection or take up the agency, does he confidently believe that either will happen? "Charlie Blue Goose"

has been swimming in the pond for some little time, has shown no inclination to fly over to strange waters, has fairly well gotten out of the gosling class, and is usually dependable. He has, however, always been a great friend of "Bill Badpay," especially around Kelly-Pool time. Will this get the money in, or is not the following more likely:

Dear Sir:—Pursuant to your telegram I went to Peachville to either collect account from "Bill Badpay" or take up the agency, but believe you will approve of my action in doing neither when you understand the circumstances.

Mr. "Badpay" has had quite a streak of ill-fortune, etc., etc., etc.,

the communication being usually followed with further advices to the effect that Mr. "Badpay" states that ours is the only office of the twenty which he represents which has ever reported him as delinquent. Why is it that you always adhere to the credit rule while others believe it was made only to be disregarded?

Once more I turned, this time with confidence, to my good friend, "Revealer" Webster to learn what he said regarding that much to be avoided word "expense," and again he failed me not, for his definition, "drain on resources," immediately explained why my good friend the manager occasionally wept bitter tears over the actions of "Harry Gander." Harry has been with my friend, the manager, for many years; he has long since passed the "whistling post" and "water tank" stage and is the big town man in all that implies. He is usually the comfort and delight of his manager, a credit to his company and the profession, and yet even Harry can not get away from "Revealer" Webster with his "peculiar actor" and "drain on resources."

All this, however, is sweetened by one thought, that some day, by conscientious and careful attention, by study or by pull, many of these "peculiar actors" will occupy managerial chairs, and then the many revelations of Mr. Webster will be a solace and comfort in time of troubles to them as now to us.

When the short, stout person above-mentioned had finished his special agents' songs and it came time to consider the question of "Local Agent," he drew his chair close to mine and, sinking his voice almost to a whisper, said, "I want you to be particularly careful what words you set to my songs on that subject, for the local agent is a fearsome object to be considered in song or story and must be treated with every consideration."

While I had much respect for the admonition of the short, stout person, I deemed it advisable to once more turn to my good friend, "Revealer" Webster, and found that, as usual, his teachings had a palliative effect, for to "local" he attributes "confined to one spot." Now, if you were confined to one spot would you not be restless and contrary, would you not want to write everything within five hundred miles, and would you not in your "one spot" pick up the "five spots" and the "ten spots" which the careless (?) "peculiar actor" leaves on your desk along about the first of the year? If you also knew, through our esteemed "Revealer," that a spot was also a "drop" and you were confined to one drop, would you not be in favor of local option and State-wide prohibition? The good "Revealer" has, indeed, shown us many things which we never realized before.

After the short and stout person had left my office and I had occasion to review his so-called "songs" anent the local agent, I found, to my surprise and dismay, that they were not songs, but a series of letters, and as I was not called upon to set letters to letters I shall brave the wrath of the short and stout person and give you these letters as he left them with me.

The first is:

Dear Sir:—Your esteemed communication of 25th inst., regarding daily report of Policy No. 245672, Jones, has my careful attention.

I regret exceedingly that through over-sight of my clerk no diagram was given you and that the questions were left unanswered on daily report of policy above-numbered. I appreciate fully that a company can not be expected to successfully underwrite any risk unless it has full information thereon. I am enclosing herewith diagram and full answers to the questions, and beg to assure you that this information will always be cheerfully given hereafter.

Respectfully yours,

A RARE SECIMEN,

Local Agent.

The second:

Dear Sir:—I am in receipt of your favor of 20th inst., calling attention to the fact that my business with your office for 1913 was no greater than that of

1912. I endeavored to increase your business during 1913, but your cancellation of policies No. 47326, 47343 and 47382, each of which had a premium of, at least, \$100, discouraged my further efforts. I know that two of the risks covered under these policies have since burned, but you can not expect to do a large business unless you are willing to take chances once in a while.

Very truly,

A GRAFTER,

Local Agent

The third:

Dear Sir:—Yours of the 30th ult., advising that I will be allowed only 15 per cent commission on all of my business until I have “cleared” my agency, has been duly received, and I note that you say that I am not forced by anyone to take any action. You can rest assured that I won’t be forced. I consider the “Separation” rule as being unprofessional, unethical and un-American, and I won’t stultify my conscience for the sake of the miserable additional compensation.

In view of my respect for you I shall endeavor to give you as much business as possible, but you can not expect me to entertain the same friendly feeling toward you that I did before.

Very truly yours,

A MIXED,

Local Agent.

The fourth:

Dear Sir:—We cannot but feel, in response to your letter of the 18th inst., that you are not familiar with our wonderful climate. We are “doing things” down here. Our citrus crop and our tourist crop will be the largest ever this year, and we fully expect that within the next two or three years all of the insurance companies will be obliged to make their Pacific Coast headquarters in the midst of our wonderful country and climate.

There is another thing, Mr. Manager, which we would like to speak about. The adjusters from the adjustment bureau and the independent adjusters in

your city are all fine men, but never having lived in our wonderful climate they do not quite understand our needs, and we would, therefore, request that you have all of your adjustments here made through our local adjusters.

Our hotel rates have now been reduced to \$12 per day per person, and we hope that you and your family will spend at least a month with us this spring.

Again calling your attention to our wonderful climate.

Yours very truly,

A LEMON,

Local Agent.

Having finished setting to words the themes and songs of the short and stout person, the librettist feels that he is entitled to an individual opinion:

Peculiar or perfect, confined to one spot or covering the entire country, we are all part and parcel of the homogeneous body, all working toward one end and becoming closer knit as the conditions of the business demonstrate the need of the one for the other. As humans we have our differences, as men we forget and forgive, and in the end we shall place our chosen profession where it properly belongs, at the pinnacle of the world's business activities.

The President—A most excellent paper, indeed, from our baldheaded friend, Mr. Brown. I think it is as much of a surprise to you as it is to me. You will note that he refers quite often in his paper to Mr. Webster. It is perhaps a singular thing, that if you will look at the book written by Mr. Webster, you will find every word of Mr. Brown's paper contained in it. If there are any special agents or local agents here who would like to take a fall out of the manager, they are now welcome to the floor. Hearing none, the next order of business will be reports of committees. Is the Committee on President's Address and the Executive Committee ready to report?

REPORT ON PRESIDENT'S ADDRESS.

The President in his address covered the same ground as the Librarian in his report, and hence no special recommendations are offered as to the latter, as your committee incorporates herein the changes which it believes should be adopted for the benefit of the library.

We suggest that our incoming Executive Committee respectfully request the Board and the members thereof to limit the use of the library room for committee work as much as possible and endeavor to grant us the exclusive use of the room between the hours of 11 A. M. and 2 P. M. daily, that readers in the library may have the necessary opportunities of pursuing their investigations without interruption.

The Librarian should formulate a system of receipts for books or pamphlets taken from the library.

We concur in the President's suggestion that the associate members form an adjunct to our Association and that we secure for them the use of this or some other room where lectures may be delivered during the year, preferably on Saturday afternoons. In addition to this, members of this Association, we understand, will be welcome to the course on insurance, which is to be inaugurated at the University of California, commencing this month, and at which several managers and assistant managers have volunteered their services. These lectures will be held in the evening.

We concur in the recommendation of the President on the desirability of uniform policy forms and permits, and to this end suggest that a committee be appointed for the purpose of carrying out, if possible, the above recommendation.

Numerous efforts have been made by this Association to secure results through a publicity committee, but so far without success. We believe publicity an extremely important matter in underwriting and our failure in the past should stimulate us to renewed action. The incoming Executive Committee is therefore strongly urged to exert its best efforts to carry out the excellent recommendations of the President.

The matter of funds for the Insurance Congress to be held in San Francisco in 1915 is a proper matter for the consideration of the Executive Committee and we recommend that it be left to its deliberations.

We cannot close our report without commenting on the energy of our worthy President, in the affairs of the Association during his administration. His watchfulness over, and promotion of the best interests of the library; his thoughtfulness for the studious young men and the enlarging scope of efforts in preparation for the World's Fair Congress; in the selection of his

co-lieutenants with their valuable papers, and by his individuality and persistency, the Thirty-eighth Annual Meeting, in numbers present, in instruction and edification, has proven most successful.

J. M. MENDELL, Chairman,
J. HUNTER HARRISON,
GEO. C. MAIN.

REPORT ON EXECUTIVE COMMITTEE'S REPORT.

To the Members of the Fire Underwriters' Association of the Pacific:

We recommend the amendment of the by-laws by proper provision for a Library Committee of three (3) members, the members thereof to serve for terms as set forth in the President's address; and we concur in the committee's recommendation that it would be advisable to copyright the Annual Proceedings.

J. M. MENDELL, Chairman,
J. HUNTER HARRISON,
GEO. C. MAIN.

The President—Gentlemen, you have heard the reading of the report of the committee. What is your pleasure?

Mr. Watt—I move the adoption of the report, Mr. President.

Mr. Medcraft—I second the motion.

The President—You have heard the motion, gentlemen. It is on the adoption of the report of the committee as just read.

The motion carried unanimously.

The President—You understand, gentlemen, that our banquet is to be held this evening at seven o'clock at the St. Francis hotel. If there are any here who have not interviewed Mr. Blanchard or sent their names in to him, they will please do so immediately. On next Tuesday evening, February 10th, a dinner is to be given to our dear old friend, Uncle Billy Sexton, at the Palace Hotel, and we want every one to attend who can possibly do so. A committee, consisting of Mr. Adam Gilliland, Mr. J. A. Murphy,

Mr. T. H. Williams, Mr. W. H. Gibbons, Mr. R. Gallegos, Mr. O. J. Ray, Mr. Walter S. Mead, and Mr. V. C. Driffield, have been appointed to take charge of this matter, in order that no one will be overlooked, I wish you would signify your intention of going to one of those gentlemen, and put your name down on his list, and then a regular invitation will be sent you.

The next order of business is the election of officers. Mr. Sexton, I believe you are chairman of the nominating committee.

Mr. Sexton — I am a hold-over officer, I believe, Mr. President.

In conformity with Section 5 of the By-Laws, the President, Mr. T. H. Williams, selected the nominating committee, of which I was chairman.

Said committee presents to you the following names of officers and committees for the ensuing year:

President, R. C. Medcraft,

Vice President, H. P. Blanchard,

Secretary and Treasurer, Calvert Meade,

Assistant Secretary and Librarian, J. P. Moore.

Executive Committee: A. M. Brown, Geo. W. Dornin,
A. Gilliland.

Wm. Sexton, Chairman Nominating Committee.

The President — Gentlemen, we can vote on these names separately or vote on them as a whole by instructing the Secretary to cast the ballot.

Mr. A. W. Thornton — Mr. President, I move that the gentlemen named by the nominating committee for the offices, as stated, if there be no objection, may be declared the nominees of the Association, and that the Secretary be instructed to cast the ballot for those gentlemen for the offices to which they have been nominated.

Mr. Watt—I second the motion.

The President—You have heard the motion, gentlemen, that if there is no objection, the gentlemen named be considered the nominees of the Association, and that the Secretary cast the ballot for each to the office for which he is named.

The motion prevailed unanimously.

The Secretary—The ballot is cast as directed, Mr. President. Mr. President, there is one order of business that has been omitted up to this point, and that is as to the Library Committee. We want the by-laws changed, and formal notice should be given at this time, so that there shall be a rotation of three years, two years, and one year, as was indicated earlier in the meeting. I move accordingly.

Mr. Watt—What is the motion ?

The Secretary—That the Library Committee be composed of three members of this Association, and that their term of office be three years, two years, and one year, as selected. Perhaps we might propose the names of three this year, and then it can be acted upon at our next meeting.

Mr. A. W. Thornton—All that is necessary is to give notice of the matter at this time.

The Secretary — We could propose the names of the committee.

Mr. A. W. Thornton — I think it would be best to let the matter pass until next year, and then when the Constitution is amended in accordance with the motion, which will no doubt carry, the three members can be selected.

The Secretary—Very well. I am not particular as to that.

The President — You have heard the motion, gentlemen. What is your pleasure ?

The motion carried unanimously.

The President — We will now listen to the reading of the Knapsack, of which Mr. A. C. Thornton and Mr. G. A. R. Heuer are editors. Mr. Thornton is here and will read The Knapsack.



California Knapsack

1914

A. C. THORNTON, }
G. A. R. HEUER, }

EDITORS

VOL. XXXVIII

FEBRUARY 4, 1914

NO. ONE

Like the hardy snow flower beset by the wintry storms of criticism and the merciless sun of ridicule, the Knapsack still survives. Its editors continue to hold their positions despite the protests of Association members. It is quite likely that the referendum and the recall will now be worked against us, but before our days as Editors are numbered, and we are forced out, we shall freely criticise all whom we do not like and those whom we have spared in the past.

The year 1913, as though one possessed of the evil influence of its members, was not, upon reflection one which might be conducive to humor, except in so far as the loss ratios of some of the Companies might be considered a joke. But now that this more or less tumultuous period has passed, we may look hopefully to the future and trust that by the time another meeting of this Association is held, we may all really feel inclined to joyousness, and to wear a sincere smile of good humor.

The insurance business has changed and is changing, but let us cling to the old traditions as long as we can and let the Western spirit of good fellowship reign in our hearts, as it did in the hearts of the pioneers who have passed away, those who sat at those same meetings and lent themselves heart and soul toward the work of making them a success.

However, lest we get into too serious a strain, let us proceed at once to the reading of some humorous and queer things we have picked up during the past year.

Loss Reported from Farmerstown, Idaho, to Fire Ins. Co. making claim for \$75—for one dairy cow, death caused by giving birth to calf. The loss report sent in by agent contained the following affidavit:

“ This is to certify that I, Charles Hall, being a duly appointed Veterinary Doctor depose and say that upon September 19 1913 I was called by Mr. C. D. Smith to perform the duty of relieving this cow of dead fetus. When I arrived at his place I found the cow past any relief and do solemnly swear that said cow was at that time past all medical relief Owing to my absence from the State since the above date until the present time is why this affidavit has not been sent in sooner.”

Subscribed and sworn to before me this 12th day of January 1914

D. Murphy

Notary Public

Cambridge, Idaho, 1-13-14.

Messrs. Smith & Company,
San Francisco, Cal.

Gentlemen:

I am inclosing you a loss of one of the Cows we had insurance upon, this loss did not come to me for about two and a half months after it happened, and in the absence of the Veterinary Doctor who was called in on the case I have waited for his return which the Affidavit will show, in my opinion they are not entitled to any consideration for the reason they did not report the same to me when it happened, I am herewith inclosing you the Affidavit which I took today, anything you may think right to do will be satisfactory to me.

Very truly yours,

(Signed) D. W. Crouter, Agent.

P. S.

It is a fact however that this man truly lost his Cow in the way the Affidavit says, I have seen others who know of the loss.

C. W. C.

THE BOONE CASE.

Assured claimed total loss - \$5,000.00

Loss settled for - - - - - 2,391.45

Dramatis Personæ

- Mr. Wilson—A peace loving Insurance Manager
- Mr. Weck—A venerable Insurance Broker
- Mr. Laumeister—A hard headed German (big blustering fellow)
- Mr. Wilkie—An adjuster, Scotchman ("nuf sed")
- Mr. Cummings—Another hot-headed Scotchman
- Mr. T. L. Boone—The Claimant, a long suffering, ill-used gentleman
- Mr. Frank Wilkie—A young Contractor
- Mr. Fischer—An Appraiser (very rude man)
- Mr. Mooser—A busy-body
- Mr. Boynton—An Attorney (great student of human nature)
- Mr. Wickler—Representing the peace loving Mr. Wilson
- Mr. Franz—2nd Appraiser (another mulish German and a fair match for Laumeister)
- Mr. Wells—Umpire (very fair according to some but basely unjust according to a few)
- Miss Wilkie—A Stenographer (nearly loses her job for expressing her opinion.)

Wanted — Japanese man wants position as schoolboy; wants room and board in exchange for little work. Call George, Berk. 1678. 12-5-3t

Mr. Edward Brown & Son, Gen. Agts.,
San Francisco, Dear Sir:

Whereas I found a slup with your Aderes, I thought to drop you aline plice advice in regards to the Svea Insurance Company of Gothenberg, Sweden.

I have a property in town of Bunco, Ida. walue \$2500. I wish to insure after litle have you an agent somewhere hir or meby I culd overtake the agency I am usin Swedish Norwagen and Dainish.

Strictly honest, a Christian, but not to brag of.

Please inform socn.

Resp.

Lena B. Petersen .
Jasper, Idaho.

A WHISKEY STORY OF THE BONANZA DAYS IN CALIFORNIA

"A tenderfoot Special Agent entered a saloon and ordered whiskey. Whiskey in those days and in those parts was a very weird drink. Queer effects were sure to follow it. The tenderfoot knew he must expect something out of the common, but for all that, he was taken aback when the bartender handed him a small whisk broom along with the bottle and glass.

Tenderfoot-like, he didn't care to expose his ignorance by asking what the whisk broom was for, so he just stood there and fidgeted. He didn't drink. He waited in the hope that somebody would come in and show him what was what.

Well, in a few minutes a big chap in a red shirt entered. He, too, ordered whiskey, and he, too, got a broom.

The Special Agent watched him closely. He poured himself a generous drink, tossed it off, and taking up his whisk broom, went over in a corner and carefully cleaned a space about seven feet by three. There he lay down and had a fit."

Not very long ago our good Agent—Mr. Ed. Hunter—at Vacantville, Cal., sent us a Daily Report covering "\$3,000 on one Caterpillar." We thought we knew something about bugs of all descriptions because there are many buggy people in our country, so we wrote to the Agent that while we had been called upon to write insurance on Percheron Stallions, Short horned Bulls, Belgian Hares, Queen Bees, Berkshire Pigs and other blooded stock, we had not as yet written insurance upon Caterpillars; furthermore, we were led to inquire whether this was a male or a female Caterpillar, and if a female Caterpillar, would we secure the insurance on its progeny; if so, we desired to ascertain how many young a female Caterpillar produced, in order that we might limit our commitment in any one location and reinsure the excess on the young Caterpillars with our good friend, the President, and others with whom we have reciprocity accounts. We also stated that if this particular Caterpillar was a trained animal and a domestic pet we might feel disposed to carry a little more than our ordinary line.

The Local Agent replied that the Caterpillar in question was a steam traction engine, constructed entirely of iron and used as the motor power for a combined harvester. He incidentally remarked also that the man who wrote the letter of inquiry was a damn fool and apparently knew nothing about the conditions in California.

We lost this line and the Agent is no longer a friend of our office.

Clipping from Anacortes Paper:

Don't Fail to Patronize the

ANACORTES FIRE DEPARTMENT

CALLS ANSWERED PROMPTLY

Start Something

Why Not Patronize Home Industry

Jasper, Idaho. January 11, 1914.

Mr. ——— in account with Lena B. Petersen.

Up-to-date coffins and caskets, rough and dressed lumber mouldings, crates, fruit boxes, &c.

ENGLISH AS SHE IS SPOKE.

The following is the reply received by an Office which had occasion to write one of its Spanish-speaking Agents asking the reason of the delay in adjusting a small loss:

"This Messrs. . . . Agents in this city of the . . . Company tell me which more celerity should to have in the payment of the sinister, whilst the cause not be desisted by the Civil Government which delay obey to take part in the same, the Military Tribunal, by fault committed for a dependant of Mr. . . . to a Civil Guard, giving the first to second a violent blow on the face, in the moment of into the last in the Establishment to suffocate the fire. As soon as this matter be effected and satisfied the loss shall give advice to you.

From Berkeley Daily Gazette, Nov. 19, 1913.

For Sale—By party *about to leave Berkeley*, house of eight very large rooms; *chance for fire in every room*; all modern conveniences; near four car lines. Lot 90x100 corner; terms to suit. Phone Berk. 4634. 11-19-1w

Manager Kinney recently telegraphed his agent at Butte about as follows:

"Send me immediately schedule Butte and Anaconda Railway."

He received reply:

"Butte and Anaconda Railway has no Schedule—Trains leave Station about every fifteen minutes."

LOVING FRIENDS ADVERTISE ONE ANOTHER.

(Woodrow Bridges in Tacoma Ledger.)

Seattle lies about 40 miles north of us. Seattle also lies about the naini of the mountain, but we is getting ust to it, and don't mind so mutch.

Seattle is a very hansum sitty, being sumwhat larger than Tacoma, and having the sekund best klimate in the United States, and only a shaid more rane than Tacoma.

It is a grate site to walk down Pike St. late in the evening near the market and look at the peeple standing arownd watching the big boats going by on there wae to Tacoma. These large botes make a magnisasant site. Sum of them stop at Seattle, too.

Turests to Tacoma would make a grate mistake not to take in Seattle, as it is only a short trip and well wurth the cost of the fare, and the rownd trip can be made in one day.

There is a number of interesting things to see in Seattle, Woodland park, the L. C. Smith building and Dr. Matthews. Woodland park lays no grate claim for ennything but dewty, but the other two are famous for there hite.

Seattle is noted for her sports, which consist largely of eleckshuns and recalls. A Seattle eleckshun is like a football gaim. They try to see how fast they can buck a kandidate into office, and then when they get him past the gole line, they start rite in bucking him back to the uther line, and they seam to suckseed. There is another gaim in Seattle, called "Munny, munny huze got the munny." This is plade a good deel between eleckshuns and recalls. Since Cotterill has bin Mayer the recall gaim is not so popular.

When you go to Seattle and let fokes no you are a stranger, they wil tell you all about the regrade. You don't have to ask. I have herd from reliable sources in Seattle that moer dirt was taken from what wuz noen as the Denney hill in 60 days than has bin taken altogether frum the Panama Canel. I mite say further that dirt is not all that has bin taken frum Seattle, if we can beleev report.

A recent kandydate for offise spoke of Seattle as a ham-sandwich town, but I must confess that they flurish on the diet, and if they wuz to go to wurk and start a ham sandwich facktery there and sell there produck to sum other sitties I have seen, there should be a huge demand for the fude.

Most of the smaller sitties of our state are jelous of Seattle, which is a rong spirit. It is mutch better to be jenerous. Tacoma has dun a grate deel for Seattle by wae of eksampel. When Tacoma bilt the Natiional Realty bilding, it didn't hide it under no bushel. No. It sed to Seattle: "Why

don't you do sumthing like this?" So Seattle bilt the L. C. Smith bldg. The saim thing is true about the Stadyum and the tide flats and uthher modern impruvements. It is a wise sitty that can see the good in her nabers and go and do likewise.

AN INTERESTING CHAP.

For obvious reasons no names are used.

A young insurance solicitor with more confidence than cash, borrowed \$40 for 30 days from a certain California street bank. (He knew the cashier.)

At the expiration of 30 days the y. i. s. went to the bank and said to his friend, the cashier:

"Ah—I'd like you to extend that note of mine another 30 days, please."
Which was done.

The next month the young man had the note renewed another 30 days. The next month, ditto. The same the next. When he asked a fifth renewal the cashier smiled.

"Walter," he said, "we've decided not to charge you any more interest on that note."

"Well, that's mighty nice of you, Mr.——"

"No, we're going to charge you storage."

Levin had been the victim of so many fires that the agent refused to consider the risk on the stock of Levin's newest store. They argued for an hour, and at last the agent said: "Well, Levin, I will tell you what I'll do with you. If you will allow me to put hand grenades all over your store, I'll take another chance." "Hand-grenades?" spoke up Levin. "Vy, Meester Agent, you can put in hook and ladder companies, fire engines, hose carts, anyting, only gif it me my insurance." When the time came for him to open his store, hanging on the ceiling and on the walls were about two hundred hand-grenades. Levin was sitting in his store, on the opening day, when a friend of his came in. "Hello, Levin, you hef a grandt place here, isn't it, fine and dendy; but say, vat is all dose colored bottles around der ceiling udd der valls? Decorations?" "Oh, no, no," said Levin; "my insurance agent vud not gif it me my insurance papers unless I put dose tings up dere." "Vy, you don't say it; und vat vas in dem, Levin?" "Vat vas in dem I shall not know it, but dere is kerosene oil in dem now."

ONWARD AND UPWARD, OR THE RISE OF WILLIE WINKLE.

Chapter I

When a small boy, after being expelled from Public School, Willie Winkle cast his eyes about for A JOB and finally secured one. His duties consisted in gently applying bits of Bon Ami to the plate glass front of a large Pawnbrokers Shop and rubbing it, together with dirt, grease and part of the gold leaf sign, off the glass.

Chapter II

One day while Willie was diligently applying himself to his task he attracted the attention of a SPECIAL AGENT who, in his endeavor to make good his promise to his Company to "promptly mail check for balance of cash on hand shown by EXPENSE ACCOUNT for the last month of the year" was obliged to pawn his gold watch and diamond scarf pin.

As he noticed the careless manner with which Willie regarded Bon Ami, plate glass, gold leaf and dirt and saw how well he maintained his average by rubbing them all off, he said "here is a born UNDERWRITER" and promptly offered to secure him a position as office boy with the Wangdoodle Insurance Co. of Wangdoodle Wash.

Willie applied for the job and was accepted by the manager because he needed an office boy and because no one else would take the position on account of the smallness of the salary.

Willie soon changed his JOB into a POSITION by careful attention to his duties and gradually increased his monthly stipend by emoluments derived from the extraction and sale of stamps from the stamp drawer and the unearned increment received by informing his favorite printer of his rivals bids on the printing of circulars, blotters and other matter required by "The Wangdoodle."

Taking it all and all, Willie did well, and barring the sending of supplies to wrong agents, and ordering their names incorrectly printed upon cards and blotters, he made very few mistakes.

Chapter III

One day the ENDORSEMENT CLERK foolishly attempted to ride his motorcycle in front of a fast moving train and Willie was given his position. He cheerfully contributed his share of twenty five cents toward a floral offering and assumed his duties.

In this position he gave satisfactory service and became so expert in

the figuring of Short rate and pro rata return premiums that he seldom made an error while using the Rough Notes Earned Premium Table.

Chapter IV

An epidemic of scarlet fever struck the office of the "Wangdoodle" and when the smoke cleared away, Willie found himself promoted to Counter Man and once more contributed his portion to a floral offering. While in this position he daily accepted overlines from his friends, and religiously pursued a system of sending Inspection Slips for all risks upon which Covering Notes were issued. By so doing he was always absolved from blame when the subject of Insurance was destroyed by Fire.

During this period he became a Member of the Insurance Clerks Association and attained considerable prominence as a Whist Player and by reading several papers appertaining to Fire Insurance at their meetings. Among these were "The Relation of the Counterman towards the Stenographer" and "Should a Manager Answer His Own Telephone Calls?"

He soon attracted the attention of Mr. Batcher of the Bryson School for Special Agents and being offered a position accepted. Willie now became Mr. Winkle. After serving the usual term of six months chasing the elusive premiums in the environs of Richmond, Antioch and other bustling centers of inactivity adjacent to the metropolis, he was informed by an insurance weekly to whom he had regularly contributed three dollars per annum, that "a large English Company desired the services of a competent Special Agent."

He applied and after numerous exchanges of cablegrams between the Home Office and the Pacific Department the Board of Directors unanimously gave their consent to his employment.

Chapter IV

It is with mixed feelings and regret that we refer to the next six months of Mr. Winkles career. Flushed with success and with his rapid rise he became an ardent worshipper of the God Bacchus and it was while on one of his all too usual spree that he became violently angry at a local agent of the Company for refusing to cash a Five hundred dollar draft.

So intense was his anger that he ordered every risk in the town upon which his company was interested, cancelled and personally saw to the retirement of the contracts and the return of the policies to San Francisco.

Imagine the dismay of the management when Eighty-four policies, premiums of twenty-four hundred dollars appeared at the Department Office.

The next day dismay was changed to joy as the morning papers announced the total destruction by fire of the business portion of the town in question and Mr. Winkle was ordered home by wire in order that personal congratulations might be tendered. He was given a gold watch with a guaranteed twenty year case, and without even consulting the Board of Directors the Manager took it upon himself to appoint him Superintendent of Agencies in lieu of an increase of salary.

Chapter V

We would pause here but it becomes necessary to state that his picture attached to a small calendar and hanging on the wall of a local agent's office attracted the attention of Miss Lily Laubenheimer the daughter of a prominent Tanner and largest Stockholder in the Peerless Fire of Petaluma.

A meeting was arranged by the thoughtful agent, and when the fair Miss Laubenheimer gazed at the manly features of our hero, and noted his careless grace and cleverness of speech she knew that she had at last found her soul-mate.

Upon learning who she was and of her father's connections Mr. Winkle felt the twanging of a responsive chord and they were married in the Spring.

Chapter VI

Today Mr. Winkle guides the destinies of the Peerless in an efficient and able manner, and the name of Winkle stands for the pre-eminence among Fire Insurance Men. Fathers point to him on the street and all young men entering the business gaze upon him in awe and great silence.

"Oh Mother, see the man. What is he doing?"

"He is writing a policy on a Brick Building, my daughter."

"Is he a Board Agent, Mother?"

"No my daughter, how can you ask such foolish questions. No Board Agent ever writes Brick building policies anymore."

The President — Gentlemen, this ends the business part of the program of the thirty - eighth annual meeting. I want to thank you all for the large attendance that we have had, and I want to thank my committees, especially the Executive Committee

and Mr. Meade, who have rendered me such valuable service during the year, and also to particularly include our good friend, Mr. Moore, the Librarian. It is always a great pleasure to the President to see every chair in the room filled. This meeting has been well attended throughout, and I certainly appreciate your kindness to me. We will meet tonight at seven o'clock at the St. Francis Hotel. I now declare this meeting, so far as its business is concerned, adjourned for one year.



THE BANQUET.

In the Colonial Room of the St. Francis Hotel was staged the close of the Annual Meeting. Around the walls were displayed the pennants of all insurance companies, conducting business on the Coast, and seated at individual round tables were assembled managers and their staff. All entered into the spirit of the evening and goodfellowship was in evidence at every table. This was due to the excellent two days' session, presided over by President Williams, in combining his forces, selected during the year, for education and good ethics. At 7 p. m. some three hundred members and guests were promptly seated, for the good repast furnished by our hard-worked Dinner Committee, Mr. H. P. Blanchard, chairman. At 9 p. m. President Williams, sounded the gavel, as toastmaster, and introduced the evening speakers:

PRESIDENT T. H. WILLIAMS

The President—Fellow Members of the Fire Underwriters' Association of the Pacific: After presiding two days at our Association meeting, and trying to quiet you down, I feel very much like an absent-minded friend of mine who had wandered aimlessly around town for a couple of hours and finally drifted into a drug store. Looking around vacantly, he espied a city directory, and his face immediately became lighted up with smiles. As he walked over to the directory, he said to himself, "Now, if I can only remember my name, I can tell where I live." (Laughter.)

It seems like a very short time since we assembled here to invoke the God of Pleasure to drive away all care and worry over a year's troubles and a 50 percent loss ratio in particular.

Our Association is very much like our wonderful Golden Gate, which opens its broad arms to the world and bids all enter, for within is safety and goodfellowship. Here we are all friends, and

when we enter this banquet room, we forget all animosity, and allow friendship to reign supreme.

It is the natural impulse of man to be happy, and we feel that this is the time and place for naught else. We want you to enter into the spirit of the evening, and let this be a night that you will long remember.

There are many associations of this kind in the United States, but few end their annual meetings with a banquet, as do we, and I feel that they lose much of the benefit because they do not. If you were standing beside me, looking into the radiant faces here, you would agree that nothing but a banquet of this kind could produce such happy results. Nor does it stop here. For the friendship and kindly feelings we show to each other certainly must permeate our business relations, and the effect of it is far-reaching.

I want each one here tonight to feel that he is a committee of one to make his neighbor happy, to make him acquainted with everyone else.

Before proceeding with our evening's entertainment, I want to say to you that I have appreciated most fully, the honor that you conferred upon me in making me your president. I have enjoyed serving you.

Gentlemen, I thank you. (Applause.)

We have some telegrams, gentlemen, which I will read. Here is one from F. J. Alex Meyer:

"T. H. Williams, President Fire Underwriters' Association. I am with you in spirit and send greetings. Sorry I cannot attend meeting this year. Will be with you in 1915. F. J. Alex Meyer." (Applause.)

Here is another, from two friends that never forget us:

"Kindly present our best wishes to all the good fellows assembled tonight, and our sincere regrets at not being able to be present. May you all live as long as you would like and have

all you like as long as you live. John Marshall, Jr. Fred H. McElhone.” (Applause.)

Another telegram:

“Regret my inability to be with you tonight. Best wishes for the success of the Fire Underwriters’ Association. M. G. Callaghan.” (Applause.)

One of the pleasures of being president of this Association is to introduce the incoming president, as it gives you an opportunity to hand him something, if you feel so inclined. As you know, my successor was born in merrie old England—a country that speaks the same language that we do, but they don’t seem to understand it when spoken by us. (Laughter.) I can best illustrate my meaning with a story that I heard recently.

An Englishman met an American, and he told him that he had just been left a large estate. The American was very much pleased and remarked that he was “a lucky dog.” The Englishman looked at him for a few minutes and then said, “Do you know, I quite agree with you that I am lucky, but I am no dog.” (Laughter.) The American explained to him that it was simply our way of expressing our pleasure at his being left so much money, and they parted. A few days later the American met the Englishman, and he had his arm tied up in a sling and his face was all battered out of shape. He walked up to him and he said, “Well, my friend, what happened to you?” The Englishman replied, “Do you know, I went to a card party last evening, and I was playing cards with a lady, and she seemed to win everything, and I simply remarked that she was ‘a fortunate bitch’ and everybody jumped on me.” (Laughter.)

England has produced many brilliant men in all professions. She sent us one of her best in the person of our president-elect. He has been with us many years, and we have learned to admire his ever-ready wit. His is a master mind, and I am told that he can explain every riddle in our tariff books, work the Kinne rule

backwards, and justify having a baseball nine of his own. Gentlemen, I take pleasure in introducing to you your next president, Mr. R. C. Medcraft. (Applause.)

PRESIDENT-ELECT R. C. MEDCRAFT

Gentlemen: I am not going to commence the few words I have to say by addressing the chairman of this evening, because I never heard a man draw so freely on imagination, in five minutes, in my life. In the first place, I never was born in England. In the second place, I don't know any Englishman of the calibre Mr. Williams is quoting as an example. For, while it does take me a little time to see a joke at times, it never goes beyond twenty-four hours. But that may be all very well by way of a joke.

It seems to me that it was not for nothing that Nature, or the God in Nature, has made man in the final result to date, provided with two ears and two eyes, but only one tongue. (Don't be alarmed, I am not going to carry the simile so far as physical properties are concerned, any further.) I do think that we are all justified in drawing the conclusion that we were intended to see twice as much as we say, and to hear twice as much as we talk. And, as Nature is always ultra conservative, it is more than fair to extend the thought a little further, and to say that we were all intended to think and to see and to hear very, very much more than we express.

This enables me easily to say that it is not necessary for me to go beyond the simple word of appreciation, over my election to the Presidency of this Association. As a matter of fact, we all know that this election is the touching of one of the high places in our professional climb.

In the next place, I will remind you gentlemen, that no man remains but for a short time the ideal of the blushing bride who has married him. And as you have just married me, I must add

that you have already fallen very far short of any ideal. (Laughter.)

Fortunately, however, the duties of the presidency do not entail on him who is elected, more than an effort, a strong effort, to preserve the dignity of the Association, to watch over its current business affairs, to endeavor to prepare the annual intellectual treat, and to encourage as many as possible to join in the annual happy occasion; and, gentlemen, these things I promise to do, with the assistance of that bright personality whom you have, to my great pleasure, elected as vice-president for the ensuing year, Mr. Blanchard. (Applause.) I cannot imagine a more happy selection, in view of the fact that it promises an election to the presidency during the great year when the hosts of the world will be with us—and when he will represent this Association in their midst. (Applause.)

Gentlemen, be thankful that I am not attempting to make a speech. I want merely to assure you that my feelings are deep, and that my sense of responsibility to one and all of you, is profound.

Au revoir. (Applause.)

The President — Gentlemen, your president-elect, who has just addressed you, was inspected by you last year. Your vice-president, of course, you know very little about. I have been endeavoring for the past two months to run down his character. Everyone that I met said he was a most exemplary young man, that he attended Sunday school regularly (laughter), and followed in the steps of George Washington. Now, you may believe all that, but I do not. I think that every man to whom I talked and of whom I asked any questions about this man, was afraid to tell me the truth. Perhaps it was because he might incriminate himself.

There is no question, gentlemen, but that the nominating committee had a very serious time on their hands in selecting the

best eligible man to the vice-presidency of this Association. 1915 will be a wonderful year for California, and people from all over the world will be here. We will require a man of strength, a strong character, one who can conduct our meetings and deliver proper addresses. The vice-president at this time will be the president in 1915, as Mr. Medcraft has indicated, and I want to say to you, that you have made a wise choice in the man for that position. He has served on our dinner committee for many years, and you know that every banquet has been a great success.

I take pleasure, gentlemen, in introducing to you your vice-president, Mr. H. P. Blanchard. (Applause.)

VICE-PRESIDENT ELECT H. P. BLANCHARD

Mr. President and Gentlemen—It is needless to say that I feel very much honored by your action this afternoon in electing me to the vice-presidency of the Fire Underwriters' Association of the Pacific. While it is true that I have not contributed a great deal in a literary sense to the Association, my interest has not been waning in any sense. I recall a Fire Underwriters' Clerks' Association of some 25 years ago, which, to use the expression, was a runner up to one's being eligible in this Association. It will be my endeavor, if elected to the presidency of this Association, to maintain the high standard which it has set.

Concerning this particular event, our banquet, I wish to thank the gentlemen who have so cheerfully and generously contributed to the musical program of the evening. Mr. Harold Williams, the son of our esteemed president, has been untiring in his work, the results of which I am sure we have appreciated and will continue to appreciate throughout the evening. The octette of the University of California have spoken for themselves. (Applause.)

A word for the aggregation that we have here this evening

and its size. In fixing a date for the meeting of the Fire Underwriters' Association this year, as you know, about three weeks later than last year, we thought it could hardly be expected that we would have such a large attendance. But we all of us who have taken an active interest in this evening's entertainment are doubly pleased at the fine showing that has been made.

Gentlemen, I thank you. (Applause.)

The President—Gentlemen, the next number on our program will be a baritone solo by Mr. Harold Parish Williams.

“Because,” - - - *D' Hardolot*

Mr. Williams was greeted with much applause and responded with—

“Down in the Forest,” - *Landon Ronald*

And again with—

“Kerry Dances,” - - *Malloy*

The President—Mr. Sexton, you are here tonight, not only as the chairman of the Executive Committee, but as the honored guest of this Association. You were today elected an honorary member of this Association, and I can truly say our most honored member. No man ever occupied the unique position that you do. Every one feels that in you he has a friend who is ever ready and willing to aid him, and to whom he can tell his innermost secrets. He knows he will receive advice and encouragement from you that could not be obtained anywhere else. You have the proud distinction of being loved and honored by everyone, and there is not a man in the insurance business that you have not benefited. You have always been the most active member of this Association, and we sincerely hope that you will continue to be.

My address to you is that of a friend to his best of friends, to a teacher whom I have endeavored to follow closely, and last, but

not least, as the president of an association which owes more to you than to any other member—that it is the greatest of its kind in the United States.

I will ask Mr. J. L. Fuller to say a few words to you, on behalf of the underwriters.

J. L. FULLER

Mr. President and Gentlemen — With this glass of water I propose the health of our guest of the evening, William Sexton. (The toast was drunk standing, with cries of “Uncle Billy! Uncle Billy!” from all parts of the banquet room, concluding with “For he’s a Jolly Good Fellow.”)

When our president asked me to respond to his call upon this occasion, I remonstrated by saying that he should “trot out” the very best speaker he had, for the reason that the best was none too good for our honored guest. But, said he, we don’t want any flowery speeches. We want merely a plain talk from the heart, as Uncle Billy himself would talk. I do feel that I gathered inspiration from this thought, as I became imbued with the desire to express my appreciation, upon this occasion, for William Sexton, the student, the teacher, the worker, who, to my mind, has done more for this Association and its members individually, than any other man. With a kind and loving heart that spurns all evil things, and a veritable living encyclopedia of insurance knowledge and general information — such, in brief, is the characteristic make-up of our co-worker whom we love to honor this evening.

As a man, we respect him. As a friend, we esteem him. As an associate, we honor him. His kind and loving disposition has not only endeared him to his friends and associates, but has had the effect as well of keeping him in the boys’ class, so that he is now as young and active as any of us. When it comes to exercising the humane prerogative of protecting the under dog in

the fight, our good friend Sexton is always to the front, no matter how trivial the fight may be.

By way of diversion, I will say that at the lunch table the other day, someone present accused our secretary of being glum, whereupon Uncle Billy jumped to the rescue saying, "What, Meade glum? I don't believe it. For he and I both belong to the Fat Man's Club, and we must remain good natured, whether we want to or not, for we can neither fight nor run." I must take issue with the "young man" upon this self-imposed accusation, for we all know that he is quite capable of putting up a strong, running fight in an argument to defend a "Sexton" principle.

As to his early career, our good friend was sailor, miner, and politician. He was a good sailor, an unlucky miner, but as a politician he was a failure. I am quite sure you will all agree with me that this was a most happy outcome, as otherwise he would not have achieved the crowning success which he has attained as an insurance man. Furthermore, we would not have the enjoyment of his presence here this evening.

In a more serious vein, gentlemen, I ask of you: Whose office door has always stood so invitingly open to those of us seeking information? Whose store house of knowledge has always responded so bounteously to the demand of our business? Who has given so freely of his time and talents to educate the young insurance men? Gentlemen, can you answer these questions? ("Uncle Billy Sexton," from all parts of the house.) Yes, Uncle Billy Sexton, and we all honor and revere him for it.

In view of the many excellent traits of this grand character, we are all glad, indeed, to show our appreciation and love for its possessor. Therefore, on behalf of the Fire Underwriters' Association of the Pacific, I take great pleasure in presenting this loving cup to our esteemed associate, William Sexton. (Applause.) My dear friend Sexton, Prentice Mulford, the California pioneer

miner and writer, has said, "thoughts are things." We ask you, therefore, to disregard the use for which the loving cup is ordinarily used and to look upon this one as being literally filled to overflowing with the loving thoughts of all your friends and associates here this evening, expressing, as they do, their sincere wishes for your continued good health and supreme happiness. God bless you. (Applause.)

The President—Will our worthy secretary, Mr. Meade, say a few words to Mr. Sexton, and read to him the resolution which was passed and signed by every member of this Association?

SECRETARY CALVERT MEADE

Brother Sexton, I want to come close to you. I have a tribute, and I read:

"Resolution adopted at the Thirty-eighth Annual Meeting of the Fire Underwriters' Association of the Pacific, San Francisco, February 3 and 4, 1914.

"William Sexton retires from active participation in the fire insurance business, after many years of service as special agent, manager, and general adjuster, and has contributed greatly to the advancement of this Association by his writings and counsel. He was one of its charter members and its president in 1884, and has been continually its teacher and a valued friend of all its members. Now, therefore, be it unanimously

"Resolved, as a token of our love and honor and with full recognition of his most valuable services, that we accord him the highest mark of our esteem within our power, and we now elect Mr. William Sexton, our Uncle Billy, to honorary membership in the Fire Underwriters' Association of the Pacific. Signed,
T. H. Williams, president, Calvert Meade, secretary."

Uncle Sexton, as you sit by your comfortable fireside in days to come, and you con over the pages, you will see the familiar

names of practically all of the Fire Underwriters' Association of the Pacific. It will give you pleasant thoughts, because each is inspired with tender thoughts of you. You have been our companion, our teacher, our guide. You have led a most honorable life, and endeared yourself to every one of us. We cannot pay you a higher compliment, and I hand you this testimonial for remembrance. (Applause.)

Presented to F. Lewis back to
WILLIAM SEXTON

Mr. Secretary, Mr. Chairman and Friends—I can understand now, if I could not before, why I was retired. After my experience, experience of so many years, that I should permit a lot of boys to put up a job like this on me, without my knowing anything about it, certainly proves that I am unfitted to underrun loss adjustments.

I appreciate this. I can't help it. Anybody would appreciate it.

I don't know whether I am here, or not. I feel like somebody else. I know that Tom Williams and Medcraft and myself were shipmates twenty-two years ago, were wrecked, and we have stuck together ever since, and, in the language of Mark Twain, when he sent out to San Francisco for a recommendation for a certificate of the chief character to please a prospective father-in-law, he said that his friends lied for him as he would do for them under similar conditions. Now you understand why Medcraft and Williams and myself thus stick together. But why the balance of you good people should be wrung into this, our crowd, I can't understand.

As I sat here looking on, I thought I should feel like the last rose of summer left blooming alone. I remembered that there were twenty-seven of us at the first dinner. I inquired tonight and I learn that there are two hundred and seventy-seven at this dinner. So, instead of being the last rose blooming alone, I

appear to be the last rose surrounded by two hundred and fifty more roses than were at the first dinner—blooming roses at that. I don't mean to use the expression in the English sense (laughter), but I mean real active, live, bright roses.

Now, as somebody said something about what I had done for the Association. I know better. I know the Association has done a great deal more for me than I had for it. This Association was my school. I practiced on the boys—they didn't know it, but I did. I unloaded my theories on them. I practiced on them telling them old yarns, forecastle yarns, sometimes, and I used other methods by which I tried to improve myself and to keep up with them. We get our education in this world by, as my friend Buckeye Thompson of Nevada, called "Buckeye" for short, a leading mining man, said to three or four mining men who were telling about their mining education, one of them said he got his at Heidleberg, and another one got his at Freiberg, and another one at some other burg, and when Buckeye was asked where he got his, he said he never had any education, that he left home when he was thirteen or fifteen years old, crossed the plains and came to Nevada. They were insistent and asked "How did you get your education?" The reply was, "I got it by absorption." So I have been absorbing from all these young people. How many years is it since that twenty-seven sat down together?

The President—1875.

Mr. Sexton—Well, that's thirty-eight or thirty-nine years. We started with that twenty-seven, and the Association has grown to this size. What it has done for the insurance fraternity is shown by the records. The dinner committee was the principal factor in building up the Association, and for that reason a member of the dinner committee is to be the next president. The dinner committee is the important factor in the Association. The Association kept growing; there were many good measures

passed; measures that were valuable. Some of you have heard of the Kinne rule. When this was started, there were very few born and bred insurance men on the coast, three or four or five. When we had a loss, every company would send its own man, and perhaps there would be a squabble over the loss. The principal object at that time was to make a salvage. This Association changed that idea, and adopted the principle, an adjuster, must not make a salvage, and must not miss a salvage; he must adjust the loss fairly, squarely and honestly; not only between the company and the claimants, but also between the companies, and by the adoption of the Kinne rule of apportionment that every company agreed to, one adjuster can now represent all the companies, and thereby save the expense of each one sending its own adjuster. The rule for apportionment of expenses is fair to all companies. These two measures save much money to the insurance companies.

The old-time jealous style was, at the time this Association was started, that if two specials met on the ferry boat, one going to Los Angeles and the other to Yreka, they would say that they were going to Stockton and Sacramento, they didn't dare to trust each other. Now if two specials meet on the ferry boat, and one is going to Los Angeles and the other to Yreka, the man going to Los Angeles will say, "I wish you would see Jones for me in Yreka, and straighten out so-and-so for us," and the other will say, "See Thompson in Los Angeles, and straighten out this matter for me." That makes the business more pleasant.

There were a whole lot of other things that I had chalked out to say, but it has all been knocked out of me. I could talk it all day and all night. But I certainly appreciate these fine presents, unlooked for. They are evidences of what I might call "speaking well of the dead," while the dead is alive. (Laughter.)

It is certainly very pleasant, even if I have managed to fool hood-wink you into doing this thing, and to thinking this way.

I find everybody has treated me just as well as I treated them, and sometimes a little better.

Tom, what else shall I say? Well, here's something I made expressly for the occasion:

I have had my say, I have had my day,
I did the best I knew,
I made the race at my best pace,
And I leave the road to you.''

(Applause.)

The President—The octette will favor us again.

(The University Hymn "Hail California," by the octette.)

The President—Few of you realize that we have a member of this Association who is known as the silver-tongued orator of the Northwest. He happened to be in Snohomish one day, when the Civic League were having a meeting, and they called upon him to talk to them. Like all great orators, he had a hobby, and his hobby was "Trusts," and especially the "Insurance Trust." He talked to them for three hours. The article was taken down by the reporters and printed in the paper the next morning. I will only read to you a little of the subject that concerns us. You will be glad to know these things when I tell you who the gentleman is later on. You will want to ask him a few questions.

"Trusts: The greatest and most far-reaching incubus today is the fire insurance trust. It is sapping our very lives, depleting our farms, and soon will force us all into bankruptcy. This beautiful little city of yours pays into the coffers of these grafters \$21,500 clear profit annually. Can you imagine the enormous amount received from the balance of the State of Washington, where they have had no losses whatever? Good citizens, it is time the people arose in their might and forced this gigantic trust from this State. If they won't reduce our rates, we should petition the insurance commissioner and the legislature to require the CONSEQUENTIAL PREMIUM CLAUSE inserted in every policy. The CONSEQUENTIAL PREMIUM CLAUSE reads that the premium on the

policy shall only be paid when the loss exceeds the amount of the premium. This clause would save the people of Washington many thousands of dollars each year, and we would be able to keep our money at home."

He finally convinced himself that the insurance business was the proper business for him to go into, and he needed the money. By some pull or other, Canadian, Irish, or English, I don't know which, he received the appointment of the London Assurance Company. Gentlemen, I would like to introduce to you, Mr. A. W. Thornton.

A. W. THORNTON

Mr. President—I deny the allegation and refuse to be sponsor for the article which you have just read from a Snohomish paper. The gentleman who delivered that address was Mr. Willard Done, Insurance Commissioner of Utah, whom we have with us this evening. It was delivered on one of his speech-making tours in the State of Washington.

You take my breath away, Mr. President. You know full well that I am no after-dinner speaker, and springing a thing like that on a fellow isn't fair, is it?

But now that I am on my feet I will be serious for just a moment and congratulate you and the Fire Underwriters' Association of the Pacific on the very successful meeting that you have had at the thirty-eighth annual gathering. It is largely, if not solely, due to your good efforts, Mr. President, in securing so many excellent and valuable papers. Perhaps there were one or two which could not be classed as "valuable," but to avoid a family row I will refrain from passing comment or going into that particular matter.

It occurs to me that for several years we have perhaps deprived the young men of our Association of the opportunity to discuss the papers read at our meetings and this is undoubtedly

due to the fact that our Presidents, in their endeavors to make our meetings interesting and successful, have had too many papers on the programs. In that way we have failed to give the young men (speaking for myself also) an opportunity to discuss these papers and display their oratorical abilities.

Candidly, I believe that one of the best features of our annual meetings is the training given to our members in expressing their views and voicing their opinions clearly, logically and coherently.

As I have said, the President has had a most successful meeting and this in spite of many factors which perhaps would have conduced to the contrary. This, however, is not the place to dwell upon our sorrows, or to refer to those who have been called from our midst, and I will pass to matters more befitting the present occasion.

The story is told of a young special agent who, while registering at an hotel, was swelled up with his own importance and inquired from the clerk what were his "terms for special agents and adjusters." The hotel clerk promptly replied "thieves, highwaymen and robbers!" Perhaps that was unkind, but it illustrates the opinion held by some concerning the men of our vocations.

Not very long ago our good agent—Mr. Ed. Hunter—at Vacantville, Cal., sent us a daily report covering "\$3,000 on one Caterpillar." We thought we knew something about bugs of all descriptions because there are many buggy people in our country, so we wrote to the agent that while we had been called upon to write insurance on Percheron stallions, Short-horned bulls, Belgian hares, Queen bees, Berkshire pigs and other blooded stock. We had not as yet written insurance upon Caterpillars; futhermore, we were led to inquire whether this was a male or a

female Caterpillar, and if a female Caterpillar, would we secure the insurance on its progeny; if so, we desired to ascertain how many young a female Caterpillar produced, in order that we might limit our commitment in any one location and reinsure the excess on the young Caterpillars with our good friend, the President, and others with whom we have reciprocity accounts. We also stated that if this particular Caterpillar was a trained animal and a domestic pet we might feel disposed to carry a little more than our ordinary line.

The local agent replied that the Caterpillar in question was a steam traction engine, constructed entirely of iron and used as the motor power for a combined harvester. He incidentally remarked also that the man who wrote the letter of inquiry was a damn fool and apparently knew nothing about the conditions in California.

We lost this line and the agent is no longer a friend of our office. (Laughter and applause.)

The President—Gentlemen, we are greatly honored to-night by having the Insurance Commissioner of the State of Utah with us. He will say only a few words to us, but I want you to hear him. Gentlemen, Mr. Willard Done, Insurance Commissioner of the State of Utah. (Applause.)

WILLARD DONE

Gentlemen—Being a Mormon, I almost unconsciously said “Ladies and gentlemen.” (Laughter.)

Which reminds me of the story that is told of a prominent Mormon who died and went to hell—just as a visitor, you know, because we don’t go there permanently after we die; we just go down and try to get some of the special agents and others to come up higher. He went down there and was visiting around, and Satan was very courteous and kind and showed him all of the various places there, the fountains and parks and St. Francis hotels and other decorations of a like character, and everything

was very pleasant and very real, good things to eat and good things to look at. Finally, toward evening, he looked around and said, "Well, say, Satan, I don't see any women here." "No," the devil said, "there are none here. And that's what makes it hell." (Laughter.)

Of course, gentlemen, you understand I don't mean any analogy, because this is not hell, although there are no women here. And I have appreciated more than I can express to you, your kindness to me in permitting me to be one of your guests to-night. I have appreciated it, gentlemen, more than I can possibly tell you.

Utah was settled a little ahead of the earliest gold rush to California. When Brigham Young, at the head of his little band of pioneers, came out of the Wahsatch mountains and gazed to the westward upon what is now known as the Great Salt Lake Valley, he lifted his weary head from his pillow of sickness and said to his followers, "This is the place." And we so regard our little spot on the banks of the great Salt Lake at the foot of the Wahsatch mountains as the place for us.

I know, however, that it has possessed a value for you, too, gentlemen, because it furnished the outfitting place for so many of your argonauts, who, two years after the time of the arrival of the pioneers in Utah, found it a very convenient place to replenish their exhausted stores, to refresh their worn-out animals, and to strengthen themselves for the remainder of their journey. And I believe that, if it had not been for this half-way house, many more would have met the same fate that befell the Donner party in the summits of your Sierra mountains.

Now, I am drawing an analogy from this for next year, and I am going to say only a very few words, gentlemen, regarding this. There will be a rush to your shores in 1915 very much akin to the rush which occurred here in the days of '49. True, a different class of immigrants will come, people who will come

here in palace cars. By the most modern and most convenient means of transportation, they will come. They will come to be shown the glories of your wonderful State. They will come to be shown the progress that has been made in the very short time since the early gold seekers came and settled here. They will come to be convinced of the fact that the Golden Gate is the gate of opportunity, and that he who enters there leaves despair behind and finds prosperity before him. (Applause.)

These things, gentlemen, will be impressed upon them. And if Utah can be, as it was in the days of '49, a sort of halfway place for those tourists to come to spend a day or two days or three days under the shade of our mountains, in the cooling and refreshing and invigorating waters of our great Salt Sea, under the magic tones of the most wonderful organ and the most wonderful auditorium in the world—if we can show to those people who come to seek knowledge from the West as the early fathers of this State came to seek gold in your sands—can come to Utah to be our guests and be refreshed for the remainder of their journey, that will be the mission of Utah in 1915. (Applause.)

You know that one of our song books contains a verse which runs something like this, because you must know that our early pioneers intended to go to California in the first place, and I remember that that song, which is still extant, runs in the first four lines thus:

“Oh, Upper California,
Oh, that's the place for me;
It lies between the mountains
And the great Pacific Sea.”

That was written by one of the Utah pioneers, before he became a Utah pioneer, and when the eyes of the world were looking upon this portion of this great Nation of ours as the eyes of the world will be looking upon it a year from now.

Therefore I was able to join with great zest in the singing of your California song tonight. Because we have no higher ambition in this great Exposition here of yours than to be regarded as your twin brother. And in conclusion, as I feel it is not opportune for me to make a long speech, I ask you to join me in a toast, and, as the waters of the Atlantic join the waters of the Pacific through the newly completed Panama Canal, whose completion you and we will celebrate next year, let us drink in water the toast, not only to this magnificent association of the Fire Underwriters of the Pacific, but to the State of California, the Panama - Pacific Exposition, and to the World's Insurance Congress in 1915. (Applause.)

(The toast was drunk standing.)

Gentlemen, I thank you. (Applause.)

The President—Now, gentlemen, I wish to thank you all from the bottom of my heart for helping me to make this such a successful evening. I want to particularly thank my good friend Blanchard for the success of this evening's entertainment. And again I thank you for making it such an enjoyable evening.

We will close the program by singing the song which you will find as No. 7 upon the program, "The Panama - Pacific Exposition," and then we will depart for our homes—or you can stay here, if you wish, as the room is ours for all night.

(The entire assemblage joined in singing the song "The Panama-Pacific Exposition".)

The service of the hotel is commended. The orchestra rendered tasteful music and between each course the octette and members sang the songs as indicated on the menu. The attendance was the largest since the organization of the Fire Underwriters' Associ-

ation of the Pacific, but the feature of the evenings entertainers, was the voluntary contribution by the octette from the young students of the University of California, lead by Mr.

Harold Parish Williams (son of our worthy President) and Mr. Williams' solos and gracious

compliance for encores. The speeches

were short, like the chords of sweet music

wafted over placid waters — entertain-

ing and enjoyable—and thus ended

the Thirty-eighth Annual Meet-

ing of the Fire Underwrit-

ers' Association of the

Pacific for nineteen

hundred and

thirteen.





ANNUAL BANQUET. EVENING OF FEBRUARY 4TH

ANNUAL BANQUET
FEBRUARY 4TH, 1914
THE UNIVERSITY OF MICHIGAN
DINING HALL, ANN ARBOR, MICH.
BY THE UNIVERSITY OF MICHIGAN
LIBRARY

Menu

Toke Point Oysters on Half Shell

SONG 1

*Riesling**Hotel St. Francis**White Seal*

Cream of Chicken

OCTETTE

Celery

Olives

Almonds

*Claret**Hotel St. Francis**Red Seal*

Salmon Braise Chambord

SONG 2

Sweetbread with Peas

SONG 3

Sorbet au Kirsch

Breast Imperial Squab

SONG 4

*Champagne**"Golden State"*

Potatoes, Parisienne

Salad

SONG 5

Pudding, Nesselrode

Assorted Cakes

SONG 6

Coffee

OCTETTE

Instrumental Music	-	-	-	-	Eppstein's Orchestra
Vocal	-	-	-	-	University of California Octette
Soloist	-	-	-	-	Harold Parish Williams

I LOVE YOU, CALIFORNIA.

I love you, California,
You're the greatest state of all,—
I love you in the winter, summer,
Spring, and in the fall.
I love your fertile valleys;
Your dear mountains I adore.
I love your grand old ocean,
And I love her rugged shore.

CHORUS:

Where the snow crowned Golden Sierras
Keep their watch o'er the valleys bloom
It is there I would be,
In our land by the sea,
Every breeze bearing rich perfume.
It is here Nature gives of her rarest,
It is Home, sweet Home to me,
And I know when I die,
I shall breathe my last sigh,
For my sunny California.

I love your redwood forests,
Love your fields of yellow grain.
I love your summer breezes,
And I love your winter rain.
I love you, land of flowers,
Land of honey, fruit, and wine,
I love you, California;
You have won this heart of mine.

CHORUS:

Where the snow crowned Golden Sierras
Keep their watch o'er the valleys bloom
It is there I would be,
In our land by the sea,
Every breeze bearing rich perfume.
It is here nature gives of her rarest,
It is Home, sweet Home to me,
And I know when I die,
I shall breathe my last sigh,
For my sunny California.

Air—"Down in Dear Old New Orleans."

SONG 2

Chorus and Repeat.

Dear old Tommy Williams,
It's a bright night, a happy night for you,
Where all your friends are singing—and drinking
Your health to the rag-time tune and soon—
You'll find them dancing—and prancing
'Round this room of roses,
And this ev'ning in the spot-light
We are mighty proud of you.

Air—"In my Harem."

SONG 3

Chorus and Repeat.

Oh! his children, his children,
If they were here to-night
It would set them all to thinking
To see old Medcraft drinking
Wine with soup, and wine with nuts and
Wine with everything;
All those fancy cocktails and all they'd dare to bring;
Oh! his children, his children,
There's Harold, Jack and Russell,
And the things they'd do
Would make you wish that you
Were sleeping in Alameda.

Air—"That Old Girl of Mine."

SONG 4

As we sing here this ev'ning
The songs we love the best,
Let's sing to William Dutton,
A Prince from out the West;
How well do we remember
The happy days gone by,
So lift your voice and sing a song
For one who stands most high.

CHORUS:

In his eyes the light of youth is softly beaming,
So gently, so kind and brightly;
In his hair a shade of white is gleaming
Like moonbeams that shine,
Now Bill, we drink to you,
For the sake of Auld Lang Syne;
And we'll call you when we fall to sleep a dreaming,—
That old friend of mine.

Air—"In the Good Old Summer Time."

"Way up in Silver Bow, Way up in Silver Bow,
Tom Frith he has a Companie,
Best in that State, we know.
Among the peaks and copper mines,
Flows the premium bones,—
And the surplus fund is never tapped
Way up in Silver Bow."

"In the good old winter time,

In the good old winter time,
Tom sits around the Silver Bow
And drinks his ale and wine.
The boys they come and jolly him,
Which is a very good sign,—
For what's the use of worrying
In the good old winter time."

Air—"Peg o' My Heart."

Dedicated to John Fogarty.

Chorus only—Repeat

John o' my heart! We like you,
We always like to hear you

Telling a yarn, not worth a darn,

Tho' it may not be a new one
We most split our sides a-laughing.

John o' my heart! You're witty, with Irish Art so pretty.
Always for fun. You have a place in our hearts.

THE PANAMA-PACIFIC EXPOSITION.

Air—"Marching Through Georgia."

Here's to San Francisco, let us toast her in a song,
Sing it with a spirit that will start the world along,
Tramping to the city that will be a million strong,
When we hold our wondrous Exposition.

CHORUS:

Hurrah! Hurrah! let every booster cheer,
Hurrah! Hurrah! and louder every year,
Give the world a welcome that will bring the millions here,
To the Panama-Pacific Exposition.

Here's to those whose brain and toil are fashioning our Fair,
Blending Art and Nature into wonders rich and rare,
That the City of the West shall shine beyond compare
At the Panama-Pacific Exposition.

CHORUS:

And while the Fair is building boys don't forget that you
Each must do his uttermost—never miss a cue
To boost to all the universe the things that we will do,
At the Panama-Pacific Exposition.

CHORUS:

All the arts and all the crafts, we'll have them everyone,
Things before but dreamed of, they will here be surely done,
We can bed and board a million, every Mother's son
At the Panama-Pacific Exposition.

CHORUS:

When the gates are opened and the banners are unfurled,
And the city's golden crown with glory is impearled,
San Francisco will be in the spotlight of the world
At the Panama-Pacific Exposition.

CHORUS:

When the millions marvel at the sights that they will see,
Point them to our future, that will even greater be,
Boosting San Francisco's golden opportunity,
At the Panama-Pacific Exposition.

CHORUS:

ORIGIN OF THE ASSOCIATION.

THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC is the outgrowth of the Virginia City, Nevada, fire of October, 1875.

On October 28th thirty-four Adjusters held a meeting in what was then known, on the main line of the Central Pacific railroad from Ogden, Utah, to Oakland, California; as the *Silver Palace Sleeping Car*, and one of those sleepers was side-tracked at Virginia City and became their temporary lodging house. At this meeting Mr. B. F. Low was appointed Chairman and Mr. J. W. Staples Secretary, to select committees to handle the losses at that time.

On November 13th this organization was amalgamated, crystalized and took form, and it was decided that L. L. Bromwell, H. H. Bigelow and J. R. Garniss be appointed a committee to draft a constitution and by-laws for the continuance of the Fire Underwriters' Association of the Pacific. Said committee reported in San Francisco, California, February 23rd, 1876.

With the convening of those thirty-four Adjusters at Virginia City in October, 1876, we now have a strong organization of three hundred and twenty-eight members, which later, we trust, will incorporate under the laws of the State of California.

Time has laid its caressing hand upon many of those pioneers, and of the twenty-nine charter members only eight survive, viz:

R. G. BRUSH,	E. E. PORTER,
ROBT. DICKSON,	WM. SEXTON,
WILLIAM MACDONALD,	A. D. SMITH,
R. H. MAGILL,	H. W. SNOW.

IN MEMORIAM

ARTHUR GRANT SANDERSON

"Say not Good Night, but in some brighter clime bid me Good Morning."

Born at Boston, Mass., in 1869.

Died at Berkeley, California, March 8th, 1913.

The close of a useful life, honored by all who knew him, and loved by all who knew him best; a martyr to his sense of duty; an example for those he leaves behind.

His insurance career began at Boston in the office of Jordan Lovett and Company and was continued as manager of their branch office in New York. He afterwards served as Special Agent of the Lancashire in Missouri and later in Ohio, and entered the service of the Continental for a short while in 1898 at Buffalo, New York. In the same year he became State Agent for the Ætna for Ohio and West Virginia with headquarters at Columbus, Ohio, and was sent to the Pacific Coast to assist in the settlement of the Ætna's losses in the San Francisco conflagration. In 1907 President Evans of the Continental, recognizing Mr. Sanderson's ability, offered him the position of General Agent at the home office. In this position he remained until the Ætna again secured his services, appointing him Assistant General Agent during the prolonged illness of Mr. Morrison, whose death occurred December 2nd, 1912.

Step by step he rose, winning, by his own ability and worth, the important position as General Agent of the Ætna's Pacific Coast Department, the position he held at the time of his death.

In all his varied career he proved equal to every duty, and leaves behind him a record for faithful performance that is a pride to his friends and an honor to this Association of which he was a member, esteemed for his sterling character and honest purpose.

In manner quiet and dignified, but forceful and confident, standing for all that is best in business practice, he commanded the respect of all with whom he came in contact.

In private life a devoted husband and father, a loyal friend, he leaves a hallowed memory to those who loved him.

To those of us who knew him well his death is a loss beyond measure, second only to the loss sustained by the loved ones of his family bereft of his loving guidance.

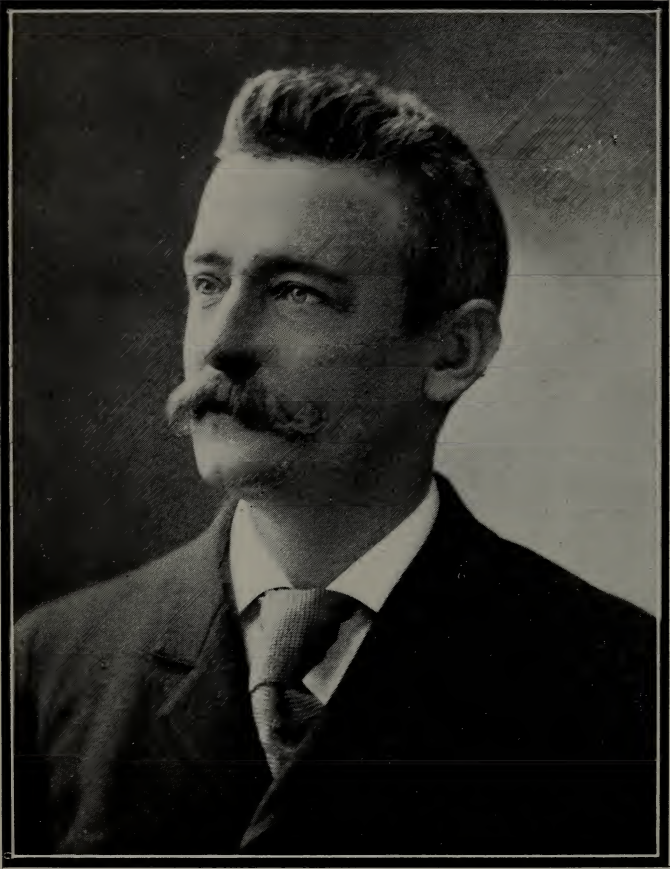
A life well spent is ended, and sure the Eternal Master found his talent well employed.

"Back of the gold hills the dying Sun,
But rest—sweet rest, with the day's work done,
Weary the day, for all its light,
To the arms of the dear, enfolding Night,
Rest from the rod
From the thorn-strewn sod
In Night that is Light in the love of God."

J. C. JOHNSTON,
G. A. R. HEUER,
J. W. WARNER,
COMMITTEE.



ARTHUR GRANT SANDERSON



EDWARD P. FARNSWORTH

EDWARD P. FARNSWORTH

Edward P. Farnsworth, in the prime of life and usefulness, one of our old time companions, was, on March 24th, 1913, called to his eternal rest.

Mr. Farnsworth was of New England parentage, born in Tennessee, January 5, 1851, and the combination of New England blood with Southern education, together with good business training, particularly qualified him for the profession of adjuster, which he successfully followed for so many years.

He came to California in 1871, and engaged in the business of fire underwriting successively with his father, Mr. E. D. Farnsworth, Messrs. Hutchinson & Mann, and Messrs. Jacobs & Easton, before taking up independent adjusting.

"Ed," as he was familiarly known in the insurance world, was active in civic matters, took a keen interest in politics, and was a member of the Masonic fraternity, his obsequies being conducted by King Solomon's Lodge F. & A. M.

His widow and his daughter, Mrs. J. A. Rounsefell, survive him, and to them we tender our sincere sympathy and condolences.

As an active member of this Association, Mr. Farnsworth took a live interest in its affairs and proceedings, and wrote a number of papers for our annual meetings, which reflected credit on his experienced judgment, and which provided valuable information for our members.

"Ed" Farnsworth was a warm-hearted friend, an able adjuster, and a devoted husband and father. He lived respected and died regretted. "Peace to his ashes."

WM. SEXTON, Chairman.

ED. E. EITEL,

V. CARUS DRIFFIELD,

Committee.

JOHN McCOMB ANDERSON

A genial spirit, long and favorably known to members of this Association, has departed. Death came suddenly and claimed John McComb Anderson on July 19, 1913.

The deceased was born in San Francisco on December 18, 1868.

Mr. Anderson's insurance career began in 1884, after graduating from the grammar school, when he entered the employ of the North British & Mercantile Insurance Company, under the management of Mr. Tom C. Grant. He remained with that Company until 1893, when he was appointed Special Agent for the Western Assurance Company under the management of Messrs. Gurrey & Stuart, which position he held for about a year. After leaving the employ of the Western he became associated, as Counterman, with the Atlas Assurance Company and the Connecticut Fire Insurance Company.

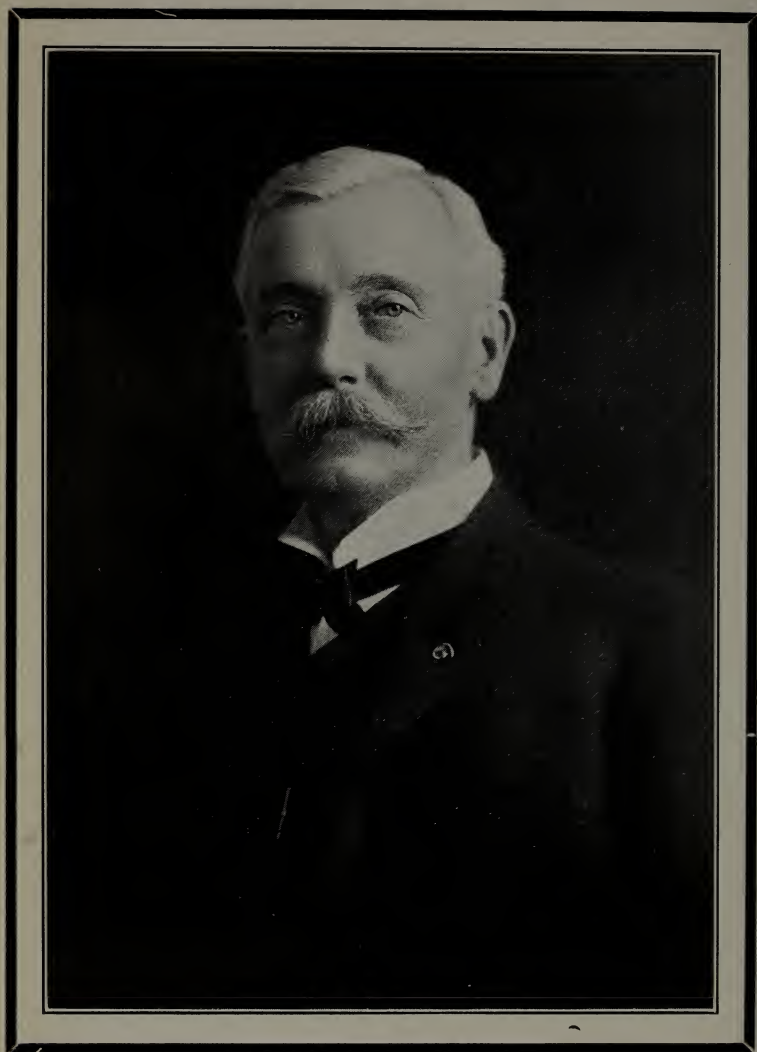
In 1904 Mr. Anderson returned to the North British & Mercantile as chief clerk, and on the resignation, in January, 1908, of Mr. Tom C. Grant was appointed Resident Secretary, which position he held up to the time of his death.

Those of us who knew Mr. Anderson personally, will always cherish his memory with the deepest affection.

J. M. MENDELL,
JNO. T. BEALES,
F. C. H. ROBINS.



JOHN McCOMB ANDERSON



COLONEL CHARLES MASON KINNE

C. MASON KINNE

Colonel C. Mason Kinne, who answered the last roll call on Christmas Day, 1913, was born in the State of New York, April 11, 1841. He came to California in 1859, went East with the picked "California Hundred" to serve in the Civil War, where he reached the rank of Captain and Adjutant-General of Cavalry Brigade. At the close of the war he returned to California, entered the fire insurance business, finally associating himself with the Liverpool & London & Globe Insurance Company, and became Assistant Manager of the Pacific Department of that company; and was retired on a liberal pension in 1912.

His keen sense of the rights of man and his natural honesty made him a soldier at heart, always ready to fight for the right and to condemn the wrong.

He was Senior Vice Commander of the Grand Army of the Republic, a Commander of the California Loyal Legion, a Son of the American Revolution, and a Mason; and he was also connected with many other organizations, social, political and scientific; of which he was always a useful member. H. had decided opinions, gathered from experience and based on reason, and while not easily swerved, was always open to evidence and so considerate of the testimony on the other side, that it was a pleasure and an education to disagree with him.

His connection with the Fire Underwriters' Association of the Pacific, of which he was a Past President, commenced shortly after its organization, and as the author of the "Kinne Rule" of apportionment, adopted by the Association, which facilitated the adjustment of losses and materially reduced the expenses thereof, placed his name at the head of the underwriting fraternity and advertised this Association to the fire insurance world.

His papers on forms of policies, microscopic hazards and apportionment of losses were models of industry. His committee work on Apportionment of Adjusting Charges and his contributions to "The Knapsack," of which he was editor for many years, are lasting memorials of his ability.

He was laid to rest in the military burying ground, accorded the military honors of a Captain of the Regular Army, and his funeral was attended by a host of friends.

What he did, he did well and with his whole heart and soul.

He leaves a widow, Elizabeth D'Arcy Kinne, two daughters, Mrs. W. I. French and Mrs. Clark Burnham, with whom we join in mourning his death.

WILLIAM MACDONALD,
A. W. THORNTON,
WM. SEXTON,
Committee.

JOHN W. GUNN

John W. Gunn, Manager of the Pacific Branch of the Liverpool & London & Globe Insurance Company, "crost the bar" on January 26, 1914, calmly and peacefully, as he had lived, and mourned by every one who had the pleasure of his acquaintance.

Mr. Gunn was born in Oxford County, Ontario, on June 17, 1864, and came to the United States at the age of twenty-two years, taking up his residence in the State of Washington and becoming a citizen of this country within a short time thereafter. His early life was devoted to newspaper reporting and editorial work, as he had acquired the printer's trade while a very young man. His care, research and energy in preparing Ballinger's Code of Washington gave him a knowledge of the law possessed by few outside the legal fraternity.

Mr. Gunn engaged in the insurance business in Snohomish, Wash., as local representative of the Liverpool & London & Globe Insurance Company and the Hartford Fire Insurance Company, and in 1897 was appointed Special Agent of the former. Being a student of the business and exceptionally popular with the Agents, he commanded the attention of his Home Office and was in turn advanced to the position of Deputy Assistant Manager and finally as Manager of the Company in 1912. His charming personality, his honesty of purpose, his upright dealings with all mankind, his exemplary life and his love of home, made all his acquaintances his personal friends.

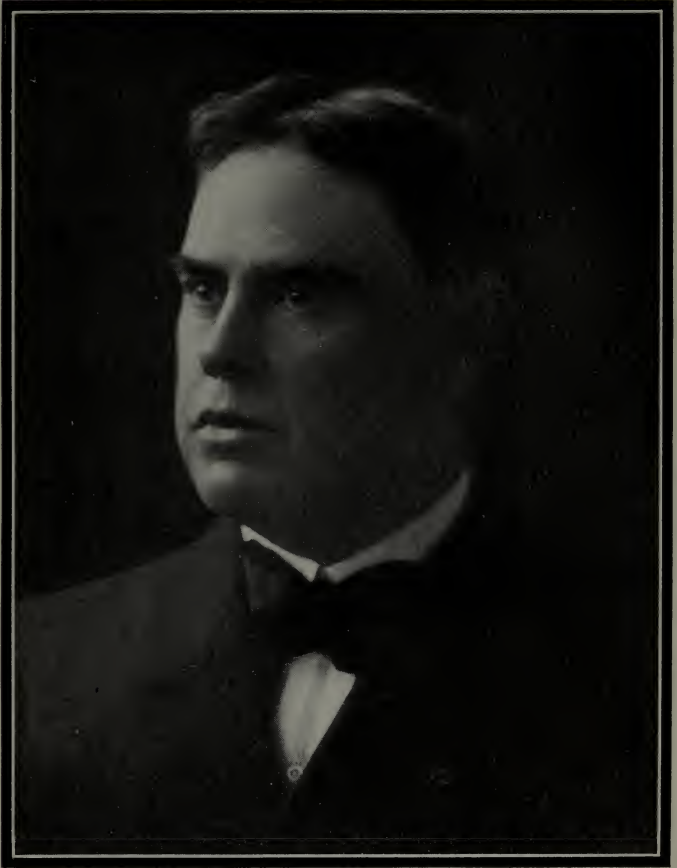
This Association mourns in the death of Mr. Gunn a Past President and co-worker at all times for the Association's best interests.

We ask that this Memorial be printed in the Annual Proceedings of the Fire Underwriters' Association and a copy sent to his bereaved widow, Mrs. Mary M. Gunn.

Mr. Gunn's favorite poem was Tennyson's "Crossing the Bar" and from it is quoted the two concluding stanzas:

Twilight and evening bell,
And after that the dark:
And may there be no sadness of farewell,
When I embark;
For tho' from out our bourne of Time and Place
The flood may bear me far,
I hope to see my Pilot face to face
When I have crost the bar.

A. W. THORNTON, Chairman,
R. P. FABJ,
F. M. BRANCH.



JOHN W. GUNN

A Complete List of Papers Read Before the Fire Underwriters' Association of the Pacific From 1877 to 1914 Inclusive

A

TITLE	AUTHOR	YEAR
Adjuster—A Few Suggestions to the Washington..	H. L. Granger	1906
“ From the Viewpoint of An.....	H. C. Koempel	1908
“ The. Is He Made or Born?.....	D. M. Bokee	1887
“ When Shall He Decline to Make Proofs?..	B. D. Smalley	1893
Adjusters—Independent	E. P. Farnsworth	1899
“ and Appraisers.....	A. J. Wetzler	1891
Adjusting—Bureau System of.....	W. L. Chalmers	1888
“ Fire Losses as a Business	Henry Hall	1910
“ Grain Field Losses.....	Wm. Sexton	1901
“ Losses	Wm. Sexton	1897
“ Lumber Losses	Wm. Sexton	1908
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Sexton, Wm., Special Agent, Fireman's Fund Insurance Co.
Smith, A. D., General Agent, Northwestern, Amazon & Fairfield Insurance Cos.
 - *Smith, Henry, Special Agent, Liverpool & London & Globe Insurance Co.
Snow, H. W., Special Agent, Commercial Union Assurance Co.
 - *Spencer, Geo. W., Special Agent Aetna Insurance Co.
 - *Staples, J. W., Adjuster.
-
- *Deceased.

OFFICERS AND COMMITTEES.

List of Officers and Committees of the Fire Underwriters' Association of the Pacific since organization :

Year.	President.	Vice-President.	Sec.-Treas.
1876	*Benjamin F. Low	*Henry H. Bigelow	*John W. Staples
1877	*George D. Dornin	*Wm. L. Chalmers	*John W. Staples
1878	*Augustus P. Flint	*Edward Brown	*John W. Staples
1879	*Caspar T. Hopkins	Andrew D. Smith	*John W. Staples
1880	*Geo. W. Spencer	*E. W. Carpenter	*John W. Staples
1881	*L. L. Bromwell	*Géo. F. Grant	*John W. Staples
1882	*George F. Grant	*E. W. Carpenter	*John W. Staples
1883	*E. W. Carpenter	William Sexton	*Robert H. Naunton
1884	William Sexton	*C. Mason Kinne	*C. P. Farnfield
1885	*C. Mason Kinne	*Zenas P. Clark	*Robert H. Naunton
1886	*Zenas P. Clark	*John W. Staples	*Robert H. Naunton
1887	*John W. Staples	*Wm. L. Chalmers	Bernard Faymonville
1888	*Wm. L. Chalmers	L. B. Edwards	Bernard Faymonville
1889	L. B. Edwards	*Wm. J. Callingham	Thomas W. Fenn
1890	Bernard Faymonville	*Wm. H. Lowden	*Robert H. Naunton
1891	*Wm. H. Lowden	Henry M. Grant	George H. Tyson
1892	Henry M. Grant	*Stephen D. Ives	*Edward Niles
1893	*Stephen D. Ives	Rolla V. Watt	Russell W. Osborn
1894	Rolla V. Watt	V. Carus Driffield	Russell W. Osborn
1895	V. Carus Driffield	Herbert Folger	Louis Weinmann
1896	Herbert Folger	R. W. Osborn	Louis Weinmann
1897	R. W. Osborn	*Edward Niles	Calvert Meade
1898	Louis Weinmann	Louis Weinmann	Calvert Meade
1899	*Edward Niles	Frank J. Devlin	Calvert Meade
1900	Frank J. Devlin	Geo. W. Dornin	Calvert Meade
1901	Geo. W. Dornin	Wm. H. Gibbons	Calvert Meade
1902	Wm. H. Gibbons	Whitney Palache	Calvert Meade
1903	Whitney Palache	Jacob L. Fuller	Calvert Meade
1904	Jacob L. Fuller	A. W. Thornton	Calvert Meade
1905	A. W. Thornton	F. B. Kellam	Calvert Meade
1906	F. B. Kellam	Arthur M. Brown	Calvert Meade
1907	Arthur M. Brown	*John W. Gunn	Calvert Meade
1908	*John W. Gunn	Adam Gilliland	Calvert Meade
1909	Adam Gilliland	F. C. Staniford	Calvert Meade
1910	Frank C. Staniford	T. J. A. Tiedemann	Calvert Meade
1911	T. J. A. Tiedemann	F. J. Alex Mayer	Calvert Meade
1912	F. J. Alex Mayer	T. H. Williams	Calvert Meade
1913	T. H. Williams	H. P. Blanchard	Calvert Meade

*Deceased.

EXECUTIVE COMMITTEE.

1876 *L. L. Bromwell	*James R. Garniss	*George F. Grant
1877 *Edward Brown	*William J. Landers	Andrew D. Smith
1878 Andrew D. Smith	*Oliver H. Cole	*George W. Spencer
1879 *Augustus P. Flint	William Macdonald	*Albert R. Gunnison
1880 *George F. Grant	*Edward Brown	*Oliver H. Cole
1881 *George W. Spencer	*E. W. Carpenter	*C. Mason Kinne
1882 Thomas E. Pope	Andrew D. Smith	*Thomas A. Mitchell
1883 *George F. Grant	Harvey W. Snow	Oliver Hawes
1884 *George F. Grant	Harvey W. Snow	Oliver Hawes
1885 *George F. Grant	Harvey W. Snow	Oliver Hawes
1886 *H. K. Belden	*George F. Ashton	Calvert Meade
1887 *H. K. Belden	*George F. Ashton	Calvert Meade
1888 *W. J. Callingham	George C. Pratt	Rolla V. Watt
1889 Bernard Faymonville	*Wm. H. Lowden	*Henry K. Belden
1890 *H. K. Belden	*George Easton	Henry M. Grant
1891 *H. K. Belden	*George Easton	Alfred Stillman
1892 Alfred Stillman	*George Easton	V. Carus Driffield
1893 V. Carus Driffield	*Wm. H. Lowden	William Sexton
1894 Herbert Folger	Franz Jacoby	Jas. H. De Veuve
1895 R. W. Osborn	Frank J. Devlin	John T. Fogarty
1896 Frank J. Devlin	George W. Dornin	Whitney Palache
1897 *Frank G. Argall	*Edward Niles	Robert P. Fabj
1898 Whitney Palache	*Wm. H. Bagley	Leslie A. Wright
1899 John T. Fogarty	*Alfred R. Grim	Whitney Palache
1900 *Edward Niles	*Wm. H. Lowden	Russell W. Osborn
1901 Frank J. Devlin	Rolla V. Watt	William Sexton
1902 George W. Dornin	Herbert Folger	Louis Weinmann
1903 W. H. Gibbons	Herbert Folger	Louis Weinmann
1904 Whitney Palache	W. H. Gibbons	George W. Dornin
1905 J. L. Fuller	A. W. Thornton	W. H. Gibbons
	Whitney Palache	George W. Dornin
1906 A. W. Thornton	F. B. Kellam	R. W. Osborn
	Louis Weinmann	Herbert Folger
1907 F. B. Kellam	Arthur M. Brown	Herbert Folger
	W. H. Gibbons	J. L. Fuller
1908 Arthur M. Brown	*John W. Gunn	Frank J. Devlin
	J. L. Fuller	Russell W. Osborn
1909 *John W. Gunn	Adam Gilliland	F. B. Kellam
	Geo. W. Dornin	W. H. Gibbons
1910 Adam Gilliland	Louis Weinmann	A. W. Thornton
	Frank C. Staniford	Rolla V. Watt
1911 Frank C. Staniford	T. J. A. Tiedemann	William Sexton
	R. W. Osborn	*John W. Gunn
1912 T. J. A. Tiedemann	F. B. Kellam	Herbert Folger
	A. M. Brown	Louis Weinmann
1913 F. J. Alex Mayer	T. H. Williams	W. H. Gibbons
	William Sexton	J. L. Fuller

*Deceased.

CALIFORNIA KNAPSACK.

1879	*Charles Mason Kinne, Editor	W. Macdonald, Associate Editor
1880	*Charles Mason Kinne, Editor	
1881	*Charles Mason Kinne, Editor	*G. F. Grant, Associate Editor
1882	*Charles Mason Kinne, Editor	
1883	*Charles Mason Kinne, Editor	
1884	*Charles Mason Kinne, Editor	
1885	*George F. Grant, Editor	
1886	*George F. Grant, Editor	
1887	*Edwin W. Carpenter, Editor	
1888	*Alexander J. Wetzlar, Editor	
1889	*Alexander J. Wetzlar, Editor	
1890	*George F. Grant, Editor	
1891	*George F. Grant, Editor	
1892	*George F. Grant, Editor	
1893	*George F. Grant, Editor	
1894	*George F. Grant, Editor	*Edward Niles, Associate Editor
1895	*George F. Grant, Editor	*Edward Niles, Associate Editor
1896	*George F. Grant, Editor	*Edward Niles, Associate Editor
1897	*George F. Grant, Editor	*Edward Niles, Associate Editor
1898	*George F. Grant, Editor	*Edward Niles, Associate Editor
1899	*George F. Grant, Editor	*Edward Niles, Associate Editor
1900	*George F. Grant, Editor	*Edward Niles, Associate Editor
1901	*George F. Grant, Editor	*Edward Niles, Associate Editor
1902	*George F. Grant, Editor	*Edward Niles, Associate Editor
1903	*George F. Grant, Editor	*Edward Niles, Associate Editor
1904	*George F. Grant, Editor	*Edward Niles, Associate Editor
1905	*George F. Grant, Editor	*Edward Niles, Associate Editor
1906	*George F. Grant, Editor	*Edward Niles, Associate Editor
1907	A. W. Thornton and A. C. Thornton, Associate Editors	
1908	A. W. Thornton and A. C. Thornton, Associate Editors	
1909	A. W. Thornton and A. C. Thornton, Associate Editors	
1910	A. W. Thornton and A. C. Thornton, Associate Editors	
1911	A. C. Thornton and G. A. R. Heuer, Associate Editors	
1912	A. C. Thornton and G. A. R. Heuer, Associate Editors	
1913	A. C. Thornton and G. A. R. Heuer, Associate Editors	

DINNER COMMITTEE.

†(From first banquet in 1881 to 1908)

†	*George W. Spencer	*George F. Grant
1908	*George W. Spencer	*C. Mason Kinne
1909	*C. Mason Kinne	*E. C. Morrison
1910	Dixwell Hewitt	W. B. Hopkins
1911	H. P. Blanchard	W. O. Wayman
1912	H. P. Blanchard	W. O. Wayman
1913	H. P. Blanchard	W. O. Wayman

*Deceased.

LIST OF ACTIVE MEMBERS

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NAME	YR	ADDRESS	TITLE	COMPANY
Agnew, F J	1904	201 Sansome st S F	Sp'l Agent	Pennsylvania Fire
Allan, Clarence E	1910	1031 Mer Ex Bldg S F	Adjuster	Pac. Coast Adj. Bureau
Alverson, W W	1898	374 Pine st S F	Manager	Associated Underwriters
Anderson, A C	1911	339 Sansome st S F	Sp'l Agent	N. Y. Und. Agency
Anderson, C H	1905	Collins Bldg Seattle	Sup Agents	Springfield F. & M. Ins. Co.
Ankele, J H	1898	250 Sansome st S F	Genl Agent	Occidental Fire
Archer, R T	1908	Security Bldg Los A	Adjuster	Independent
Atkins, Frank E	1911	Walla Walla Wash	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Austin, J E	1912	Downs Bldg Seattle	Adjuster	Independent
Avery, Frank M	1908	315 California st S F	Manager	Fire Association of Phila.
Bailey, A E	1897	Hoge Bldg Seattle	Sp'l Agent	N. Y. Und. Agency
Bailey, A T	1913	401 Sansome st S F	Manager	New Hampshire Fire Ins. Co.
Baldwin, O D	1913	334 Pine st S F	Sp'l Agent	Niagara Fire Ins. Co.
Bangs, Franklin	1894	401 California st S F	Secretary	Home Fire & Marine Ins. Co.
Banks, J H	1907	Box 697 Salt Lake City	Sp'l Agent	Royal and Queen Ins. Cos.
Barsotti, Chas L	1911	315 California st S F	Sp'l Agent	Fire Association of Phila.
Bates, H L A	1890	427 California st S F	M'gr Dep't	Commercial Union Agency
Benner, Harry	1898	210 Sansome st S F	Sup Agents	Geo. H. Tyson Agency
Bertheau, Caesar	1891	411 Sansome st S F	Manager	Bertheau, Selbach & Bertheau Agy
Bertheau, Rudolph C	1913	411 Sansome st S F	Manager	Bertheau, Selbach & Bertheau Agy
Blanchard H P	1902	401 California st S F	Asst Secty	Firemans Fund Ins. Co.
Boyd, Ralph T	1909	334 Pine st S F	Sp'l Agent	Niagara Fire Ins. Co.
Boyer, Z M	1912	Cof Com Bldg Portland	Sp'l Agent	Michigan Commercial Co.
Branch, F M	1908	341 Sansome st S F	Sup Agents	N. Y. Und. Agency
Breeding, W H	1906	301 California st S F	Genl Agent	Etna Ins. Co.
Brodenstein, E M	1911	Insurance Ex Bldg S F	Sp'l Agent	Law Union & Rock
Brooks, Geo W	1907	550 Sacramento st S F	Secretary	California Ins. Co.
Broomell, B B	1901	Fidelity Bldg Tacoma	Adjuster	Independent
Brown, A M	1894	202 Sansome st S F	Genl Agent	E. Brown & Sons Agency
Brown, H H	1901	202 Sansome st S F	Genl Agent	E. Brown & Sons Agency
Brown, Kenneth M	1913	401 California st S F	Sp'l Agent	Firemans Fund Ins. Co.
Brush, R G	1892	I W Hellman Bldg L A	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Burger C H	1908	129 Leidesdorff st S F	Sp'l Agent	Western Assurance
Burke, H R	1895	Yucon Bldg Portland	Sp'l Agent	Royal and Queen Ins. Cos.
Burwell, W T	1912	N. Y. Block Seattle	Sp'l Agent	Geo. H. Tyson Agency
Buswell, H C R	1902	550 Sacramento st S F	Sup Agents	California Ins. Co.
Caine, E P	1908	405 Sansome st S F	Sp'l Agent	Wayman & Henry Agency
Camp, Gilman L	1913	Billings, Montana	Sp'l Agent	Ins. Co. of North America
Carroll, J Percy	1913	Insurance Ex Bldg S F	Sup Agents	Law Union & Rock
Chandler, Logan B	1914	Hellman Bldg Los A	Sp'l Agent	L. & L. & Globe Ins Co., Ltd.
Chapman, A J	1912	314 California st S F	Met Agent	Germania Fire Ins. Co.
Chapuis, F A	1906	310 California st S F	Adjuster	Independent
Christensen, Chas	1895	241 Sansome st S F	Manager	Christensen & Goodwin Agency
Churchill, Percy B	1913	Kohrs Blk Helena Mon	State Agent	Fire Association of Phila.
Cleveland, W W	1905	405 Sansome st S F	Sp'l Agent	Wayman & Henry Agency

NAME	YR	ADDRESS	TITLE	COMPANY
Clark, D W	1914	343 Sansome st S F	Manager	Northwestern Natl. Ins. Co.
Coddling, Geo C	1902	Kohl Bldg S F	Sup Agents	Springfield Ins. Co.
Coffey, W P	1910	Colo Bldg Denver Colo	Sp'l Agent	Firemans Fund Ins. Co.
Colvin, Chas A	1913	Portland, Ore.	Sup Agents	Caledonian Ins. Co.
Conly, Clifford	1912	210 Sansome st S F	Sp'l Agent	Geo. H. Tyson Agency
Cosgrove, J E	1904	454 California st S F	Sp'l Agent	Catton, Bell & Co.
Coté, Joseph H.	1914	537 Sacramento st S F	Sp'l Agent	C. J. Stovel's Agency
Crandall, J E	1906	Byrne Bldg Los An	Sup Agents	Commercial Union Assurance Co.
Crux, Geo A	1898	Royal Bldg S F		
Curtis, J F D	1906	300 California st S F	Manager	Providence Wash Ins. Co.
Davenport, Dixwell	1913	Mer Exchge Bldg S F	Manager	National Union Fire Ins. Co.
Dearborn, G W	1908	234 Pine st S F	Sp'l Agent	North British & Mercantile
De Lappe, R	1897	241 Sansome st S F	Gen Adj'r	Am. Central Ins. Co.
Dennis, J J	1899	Sherlock Bdg Portland	Sp'l Agent	Hartford Fire Ins. Co.
Dennis, Wm S	1910	430 California st S F	Sp'l Agent	Hartford Fire Ins. Co.
De Veuve, Clarence	1907	123 Leidesdorff st S F	Gen'l Agent	Dubuque F. & M. Ins. Co.
Devine, Geo E	1905	430 California st S F	Sup Agents	Hartford Fire Ins. Co.
Devlin, F J	1890	430 California st S F	Manager	Atlas Assurance Co.
Dibble, Leigh L	1909	Sonna Bldg Boise Idaho	Sp'l Agent	American Central Ins. Co.
Dinsmore, H M	1912	415 Montgomery st S F	State Agent	Prussian National Ins. Co.
Dollard, Robt E	1907	430 California st S F	Sp'l Agent	Hartford Fire Ins. Co.
Dornin, Geo W	1888	Kohl Bldg S F	Manager	Springfield F. & M. Ins. Co.
Dornin, John C	1899	Kohl Bldg S F	Asst M'gr	Springfield F. & M. Ins. Co.
Dunn, Henry S	1913	334 Pine st S F	Sp'l Agent	Niagara Fire Ins. Co.
Dutton, Grayson	1902	401 California st S F	City M'gr	Firemans Fund Ins. Co.
Earle, Louis H	1912	430 California st S F	Sp'l Agent	Hartford Fire Ins. Co
Edwards, D B	1913			
Eitel, Edw E	1897	234 Pine st S F	Adjuster	Independent
Eldred, E P	1906	Box 965 Fresno Cal	Sp'l Agent	Royal and Queen Ins. Cos.
Elster, F H	1908	430 California st S F	Sp'l Agent	Atlas Assurance Co.
Emerick, Frank L	1909	Colman Bldg Seattle	Sp'l Agent	Firemans Fund Ins. Co.
Emery, R D	1911	214 Sansome st S F	Sp'l Agent	Christensen & Goodwin Agency
English, Munro	1913	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co. Ltd.
Evans, Matt B	1914	201 Sansome st S F	Sp'l Agent	Royal and Queen Ins. Co.
Fabj, Robt P	1893	444 California st S F	Manager	L. & L. & Globe Ins. Co. Ltd.
Farr, Fredrick H	1904	201 Sansome st S F	Sp'l Agent	Royal and Queen Ins. Cos.
Farrar, H M	1914	310 California st S F	Adjuster	Independent
Faust, M E	1911	105 W 6 st Los Angeles	Adjuster	Independent
Faymonville, Bernard	1888	401 California st S F	President	Fireman's Fund Ins. Co.
Fisher, I M Jr	1911	Salt Lake City, Utah	Sp'l Agent	Commercial Union Assurance Co.
Flack, E B	1906	Frost Bldg Los A	Sp'l Agent	American Central Ins. Co.
Fogarty, John T	1891	Royal Bldg S F	Asst M'gr	Royal and Queen Ins. Cos.
Folger, Clinton	1901	334 California st S F	Joint M'gr	New Zealand Ins. Co.
Folger, Herbert	1891	210 Sansome st S F	Asst Gen Agt	German American Ins. Co.
Folger, Roy S	1910	Royal Ins Bldg S F	Sp'l Agent	Royal and Queen Ins. Cos.
Folger, Wm P	1911	Paulsen Bldg Spokane	Adjuster	Independent
Fores, H W	1898	420 Montgomery st S F	Gen'l Agent	Scottish Union & National Ins. Co.

LIST OF ACTIVE MEMBERS

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NAME	YR	ADDRESS	TITLE	COMPANY
Fortmann, W G	1904	Sherlock Bldg Portland	Sp'l Agent	New Zealand Ins. Co.
Francis, Guy	1899	Insurance Ex Bldg S F	Asst Mg'r	Connecticut Fire Ins. Co.
Frazier, W A	1909	Paulsen Bldg Spokane	Sp'l Agent	American Central Ins. Co.
French, C D	1912	Helena Mont	Sp'l Agent	Fireman's Fund Ins. Co.
French, J S	1901	401 California st S F	Asst Secty	Fireman's Fund Ins. Co.
Frith, T T	1909	Helena Mont	Manager	Montana Fire Ins. Co.
Fritschi, J B	1911	Helena Mont	Sp'l Agent	American Central Ins. Co.
Fuller, John H	1904	420 Montgomery st S F	Sp'l Agent	Scottish Union & National Ins. Co
Fuller, J L	1894	332 Pine st S F	Manager	Norwich Union Fire Ins. Society
Gabrielson, C D	1904	Salem Or	Sp'l Agent	Royal and Queen Ins. Cos.
Gaither, W N	1914	433 California st S F	Sp'l Agent	Yorkshire Ins. Co.
Gallegos, R	1907	343 Sansome st S F	AsstGenAgt	Phoenix Assurance Co.
Gardiner, Thos M	1912	401 California st S F	Treasurer	Fireman's Fund Ins. Co.
Gaston, F W	1913	P O Box 1414 Tacoma	Sp'l Agent	Scottish Union & National Ins. Co.
Gay, J Robb	1909	Box 1640 Spokane	Sp'l Agent	Phoenix Assurance Co.
Gibbons, W H	1890	202 Sansome st S F	Sup Agents	E. Brown & Sons Agency
Giesy, A W	1898	Lewis Bldg Portland Or	Sup Agents	Norwich Union Fire Ins. Society
Gilmore, G D	1914	401 California st S F	Sp'l Agent	Wayman & Henry Agency
Gill, Warren S	1906	Paulsen Bldg Spokane	Sp'l Agent	Fireman's Fund Ins. Co.
Gilliland, Adam	1899	430 California st S F	AsstGenAgt	Hartford Fire Ins. Co.
Goggin, Gerald E	1901	160 Sansome st S F	City M'gr	London Assurance Corporation
Goodwin, Benj	1900	241 Sansome st S F	Manager	Christensen & Goodwin Agency
Gordon, Harry F	1904	300 California st S F	Manager	Curtis & Gordon
Grant, H M	1888	Bd Trade Bldg Portland	Adjuster	Independent
Gray, Geo T	1906	241 Sansome st S F	Sp'l Agent	Christensen & Goodwin Agency
Greenwalt, C L	1910	300 California st S F	Sp'l Agent	Providence-Washington Ins. Co.
Griffith, P H	1905	Wilcox Bldg Los A	Sp'l Agent	Hartford Fire Ins. Co.
Hackett, Harold R	1914	241 Sansome st S F	Sp'l Agent	Christensen & Goodwin Agcy
Hackett, Wm H	1913	160 Sansome st S F	Sup Agents	London Assurance Corporation
Hague, James P.	1914	202 Sansome st S F	Sp'l Agent	E. Brown & Sons Agency
Hale, L M	1910	202 Sansome st S F	Sp'l Agent	E. Brown & Sons Agency
Hall, Almon J	1913	Sonna Bldg Boise Id	Adjuster	Independent
Hall, Henry	1909	Realty Bldg Spokane	Adjuster	Independent
Hall, Otho N	1888	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Hamilton, J K	1889	343 Sansome st S F	AsstGenAgt	Ins. Co. of North America
Hammond, J J	1910	401 California st S F	Sp'l Agent	Fireman's Fund Ins. Co.
Harris, C B	1913	Box 993 Spokane	Sp'l Agent	Henry & Wayman Agency
Harris, R L	1914	343 Sansome st S F	Asst Mgr	Northwestern National Ins. Co.
Harrison, J Hunter	1906	343 Sansome st S F	Mar. Mgr.	Ins. Co. of North America
Hatcher, J B	1909	210 Sansome st S F	Sp'l Agent	G. H. Tyson Agency
Heath, Thos S	1912	Gas & Elec Bldg Denver	Sp'l Agent	London Assurance Corporation
Heltzell, A C	1913	Denver, Colo.	Adjuster	Independent
Hendry, John E	1914	237 Sansome st S F	Adjuster	Independent
Henderson, C Wm	1913	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Henry, Carl A	1898	Sac and Sansome sts S F	Jt Gen Agt	Henry & Wayman Agency
Heuer, G A R	1905	301 California st S F	Sp'l Agent	Etna Ins. Co.
Heuer, Geo F	1910	343 Sansome st S F	Sp'l Agent	Commercial Union Assurance Co.

NAME	YR	ADDRESS	TITLE	COMPANY
Hewitt, Edgar F	1912	Hotel St Francis Sac	Sp'l Agent	Geo. H. Tyson Agency
Hewitt, Dixwell	1891	430 California st S F	Genl Agent	Hartford Fire Ins. Co.
Hildreth, H P	1908	Colman Bldg Seattle	Sp'l Agent	British America Assurance Co.
Hoadley, Geo O	1906	219 Sansome st S F	Manager	American, Roch-Ger. Camden
Hodgkinson, Arnold	1913	229 Sansome st S F	Secretary	Vulcan Fire Ins. Co.
Hogan, Howard W	1914	315 California st S F	Sp'l Agent	Fire Association
Holland, E C R	1913	I W Hellman Bldg L A	Sp'l Agent	Geo. H. Tyson Ins. Agency
Hopkins, W B	1890	332 Pine st S F	Local Sec	London & Lancashire Fire Ins. Co.
Hosmer, F W	1912	160 Sansome S F	Sp'l Agent	London Assurance Corporation
Hougaard, J A	1909	323 Kohl Blg S F	Sec & M'gr	Commonwealth Securities Co.
Houseworth, Harrison	1907	444 California st S F	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Humphreys, Thos V	1913	401 Sansome st S F	Sp'l Agent	New Hampshire
Hunter, Frank L	1906	332 Pine st S F	Asst Mg'r	Norwich Union Fire Ins. So.
Hunter, Robt D	1893	401 California st S F	Sup Agents	Fireman's Fund Ins. Co.
Irving, Washington	1909	343 Sansome st S F	Genl Agent	Phœnix Assurance Co.
Jacoby, Franz	1888	Oakland Cal	Superint'nt	Altenheim
Janes, Geo J	1913	444 California st S F	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Johnsen, J Edward	1911	Paulsen Bldg Spokane	Sp'l Agent	London Assurance Corporation
Johnston, Jas C	1908	343 Sansome st S F	Genl Agent	Ins. Co. of North America
Jones, A W	1910	Am Bank Bldg Seattle	Adjuster	Independent
Kaltz, Bruce	1906	Hoge Bldg Seattle	Sp'l Agent	Wayman & Henry Agency
Keeley, H J	1913	240 Sansome st S F	Sp'l Agent	Christensen & Goodwin Agency
Kellam, Fred B	1898	201 Sansome st S F	Branch Sec	Royal and Queen Ins. Cos.
Kellner, B J	1914	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Kelly, McClure	1910	Insurance Ex Bldg S F	Manager	Yorkshire Fire Ins. Co.
Kenna, Jas R	1911	405 Sansome st S F	Sp'l Agent	Wayman & Henry Agency
Kinney, C C	1910	201 Sansome st S F	Manager	Franklin Fire Ins. Co.
Knowles, E C F	1909	Concord Bldg Portland	Sp'l Agent	Phœnix Assurance Co.
Klinger, Wm M	1898	401 California st S F	Sp'l Agent	Fireman's Fund Ins. Co.
Kuhl, Wm F	1909	Wilcox Bldg Los A	Sp'l Agent	Insurance Co of North America
Lamey, H T	1900	1210 17th st Denver	Manager	Brit. America & Western Assur.
Lamping, Lawrence F	1894	Burke Bldg Seattle	State Agent	Royal Exchange Assn.
Lanagan, Fred R	1911	Colorado Bldg Denver	Sp'l Agent	Fireman's Fund Ins. Co.
Lathrop, F A	1912	201 Sansome st S F	Sp'l Agent	Pennsylvania Ins. Co.
Levison, J B	1914	401 California st S F	Vice-Pres	Fireman's Fund Ins. Co.
Lindsay, A N	1907	Central Bldg Seattle	Sp'l Agent	California Ins. Co.
Lloyd, W G	1910	Bd Trade Blg Portland	Adjuster	Independent
Lockey, Richard	1888	Helena Mont	Adjuster	Independent
Lord, Percy W	1914	219 Sansome st S F	Sp'l Agent	American Ins. Co.
Lowden, E Kenneth	1911	332 Pine st S F	Sp'l Agent	Norwich Union Fire Ins. Society
Lyndall, Chas P	1899	Central Bldg Los A	Sp'l Agent	New Zealand Ins. Co.
McCarthy, Chas V	1907	246 Stark st Portland	Sp'l Agent	Pennsylvania Fire Ins. Co.
McConnell, A C	1912	Bradbury Bldg Los A	Sp'l Agent	Pennsylvania Fire Ins. Co
Macdonald, Wm	1876	340 California st S F	Genl Agent	Macdonald & Miles Agency
Macdonald, Burns	1898	340 California st S F	Sp'l Agent	Macdonald & Miles Agency
MacKay, J M	1913	Ch of Com Blg Portland	M Auto Dep	St. Paul Fire & Marine Ins. Co.

LIST OF ACTIVE MEMBERS

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NAME	YR	ADDRESS	TITLE	COMPANY
Magee, J F	1909			
Main, Geo C	1910	Leary Bldg Seattle	Adjuster	Independent
Manheim, Henry F	1905	453 Montgomery st S F	President	Manheim, Dibbern & Co.
Mann, H R Jr	1910	341 Sansome st S F	Office M'gr	N. Y. Underwriters
Mann, H R	1878	341 Sansome st S F	Genl Agent	N. Y. Underwriters
Manning, F J H	1893	550 Sacramento st S F	Sp'l Agent	Com'l Union Assurance Co.
Mariner, G S	1908	Paulsen Bldg Spokane	Sp'l Agent	Etna Ins. Co.
Marsh, R T	1913	Kohl Bldg S F	M'gr C Dep	Springfield F. & M. Ins. Co.
Mason, J R	1912	Haller Bldg Seattle	Adjuster	Pacific Coast Adjusting Bureau
Mayer, F J Alex	1901	Sherlock Blg Portland	State Agent	Fire Association of Phila.
McNail, Victor L	1914	Washington Bldg L A	Sp'l Agent	Phoenix Assurance Co.
Meade, Calvert	1888	332 Pine st S F	Adjuster	Sec. Fire Underwriters' Ass'n
Mederaft, R C	1894	558 Sacramento st S F	Asst Mg'r	Commercial Union Assurance Co.
Mendell, John M	1902	160 Sansome st S F	Asst M'gr	London Assurance Corp'n
Mesick, S P	1900	201 Sansome st S F	Sup Agents	Pennsylvania Fire Ins. Co.
Miles, D E	1888	340 California st S F		
Miller, Chas E	1906	Box 1508 Salt Lake	Sp'l Agent	Hartford Fire Ins. Co.
Miller, Robt V	1913	430 California st S F	Sp'l Agent	Atlas Assurance Co.
Miller, W L W	1905	129 Leidesdorff st S F	Manager	Western Assurance Co.
Morin, W J	1914	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Morgan, E C	1906	246 Stark st Portland	Sp'l Agent	Providence-Washington Ins. Co.
Morison, Henry A	1913	Box 693 Seattle	Sp'l Agent	Reliance and Standard
Murphy, Jos A	1905	301 California st S F	Sp'l Agent	Etna Ins. Co.
Myrick, Chester S	1912	444 California st S F	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Nauman, H A	1912	322 California st S F	Met Agent	Germania Fire Ins. Co.
Naunton, R H	1914	330 California st S F	Sp'l Agent	Northern Assurance Co.
Nelson, Noah L	1912	Corbett Bldg Portland	Sp'l Agent	Law Union & Rock
Niebling, E T	1890	558 Sacramento st S F	Manager	Com'l Union Assurance Co.
Nippert, Paul M	1888	Insurance Ex Bldg S F	R Vice Pres	Fidelity & Deposit Co.
Normand, Paul A	1912	324 Sansome st S F	Sp'l Agent	Home of N. Y.
Nourse, Bayard E	1913	401 California st S F	Sp'l Agent	Fireman's Fund Ins. Co.
O'Brien, H E	1910	Germain Bldg Los A	Sp'l Agent	Etna Ins. Co.
O'Brien, J T	1910	Old Nat Bk Bldg Spok'e	Sp'l Agent	Royal and Queen Ins. Cos.
O'Grady, Thos F	1912	315 California st S F	Sp'l Agent	Fire Association of Phila.
Olds, A C	1913	430 California st S F	Manager	Caledonian Ins. Co.
Osborn, R W	1892	201 Sansome st S F	Manager	Pennsylvania Fire Ins. Co.
Palache, Whitney	1890	Hartford, Conn.	Vice Pres	Hartford Fire Ins. Co.
Parker, Douglas	1913	410 Sansome st S F	Sp'l Agent	Geo. H. Tyson Agency
Parker, Dudley A	1909	334 California st S F	Sp'l Agent	New Zealand Ins. Co. Ltd.
Parkhurst, H E	1909	244 Stark st Portland	Sp'l Agent	Com'l Union Assurance Co.
Parmentier, C R	1912	241 Sansome st S F	Sp'l Agent	St. Paul F. & M. Ins. Co.
Parrish, Edwin	1900	334 Pine st S F	Manager	Niagara Fire Ins. Co.
Partridge, F E	1912	Realty Bldg Spokane	Adjuster	Independent
Patterson, Wm M	1911	Wilcox Bldg Portland	Sp'l Agent	
Penfield, A J	1909	430 California st S F	Sup Agents	Atlas Assurance Co.
Penfield, Fred S	1914	322 California st S F	Genl Agent	Germania Fire Ins. Co.

NAME	YR	ADDRESS	TITLE	COMPANY
Penfield, B L	1910	Douglas Bldg Los A	Sp'l Agent	N. Y. Underwriters Agency
Perry, Frederick J	1908	201 Sansome st S F	Sp'l Agent	Royal and Queen Ins. Cos.
Perry, Percy J	1912	N Y Block Seattle	Sp'l Agent	London Assurance Corporation
Pierce, D W	1899	222 Franklin st Los A	Local Agt	
Porep, Walter P	1907	Mehlhorn Bldg Seattle	Sp'l Agent	Edward Brown & Sons Agency
Potter, Edw E	1910	578 Sacramento st S F	Genl Agent	Glens Falls Ins. Co., Etc.
Potter, E G	1910	578 Sacramento st S F	Sp'l Agent	Glens Falls Ins. Co., Etc.
Potter, W W	1910	578 Sacramento st S F	Asst Gen Ag	Glens Falls Ins. Co., Etc.
Prinsaen, John A	1910	Marsh Strong Bldg LA	Genl Agent	Prussian National Ins. Co.
Quick, Jas R	1906	2330 Thayer av Spok'e	Sp'l Agent	Fireman's Fund Ins. Co.
Quitow, Chas	1908	Hibernia Bldg Los A	Sp'l Agent	Home of N. Y.
Quitow, V H	1904	339 Sansome st S F	Sp'l Agent	N. Y. Underwriters Agency
Randall, Harry W	1910	70 4th st Portland	Sp'l Agent	Norwich Union Fire Ins. Society
Raymond, Walter H	1901	Sherlock Blg Portland	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Reed, James S	1898	Sherlock Blg Portland	Sp'l Agent	Connecticut Fire Ins. Co.
Reynolds, Ralph H	1913	Union Oil Bldg Los A	Sp'l Agent	Niagara Fire Ins. Co.
Richards, F F	1913	Pacific Elec Bldg Los A	Sp'l Agent	Union Assurance Co.
Richards, J H	1901	340 Sansome st S F	Genl Agent	Rio Grande Fire Ins. Co.
Roberts, Geo F	1911	2627 Haste st Berkeley	Sp'l Agent	Phoenix Assurance Co.
Robins, Fred C H	1898	330 California st S F	Manager	Northern Assurance Co.
Robins, Leigh H	1910	Central Bldg Los A	Sp'l Agent	California Ins. Co.
Rogers, L B	1914	Salt Lake City	Sp'l Agent	Springfield F. & M. Ins. Co.
Rohrer, C W	1911	Storey Bldg Los A	Sp'l Agent	London Assurance Corporation
Roth, G. J.	1914	160 Sansome st S F	Sp'l Agent	London Assurance Corporation
Rountree, R H	1904	444 California st S F	Sp'l Agent	L. & L. & Globe Ins. Co. Ltd.
Rowe, E A	1908	Security Bldg Los A	Sp'l Agent	Wayman & Henry Agency
Sabin, H W	1912	201½ Johnson Bldg L A	Sp'l Agent	C. C. Kinney Agency
Schnabel, J D	1913	411 Sansome st S F	Sp'l Agent	Bertheau, Selbach & Bertheau Agy
Schoeneman, F J	1908	234 Pine st S F	Sp'l Agent	North British & Mercantile
Schmidt, H M	1914	237 Sansome st S F	Res. Mgr.	Capital Fire Ins. Co.
Selbach, B O	1913	411 Sansome st S F	Manager	Bertheau, Selbach & Bertheau Agy
Shankland, T C	1910	Lewis Bldg Portland	Adjuster	Independent
Sheahan, John J	1910	324 Sansome st S F	Asst Gen Ag	Home Ins. Co. N.Y.
Sherrard, McKee	1906	Insurance Ex Bldg S F	Asst M'gr	Yorkshire Ins. Co. Ltd.
Sifford, B A	1910	Sherlock Blg Portland	Sp'l Agent	California Ins. Co.
Simmen, Samuel	1912	401 California st S F	Sp'l Agent	Fireman's Fund Ins. Co.
Simpson, H L	1914	401 Sansome st S F	Sup Agents	New Hampshire
Smith, Benj J	1890	Insurance Ex Bldg S F	Manager	Connecticut Fire Ins. Co.
Smith, C W	1895	521 Mer Ex Bldg S F	Manager	C. W. Smith & Co. Agency
Smith, Geo O	1910	332 Pine st S F	Sp'l Agent	London & Lancashire Fire Ins Co
Smith, Harry H	1893	Insurance Ex Bldg S F	Manager	Law Union & Rock
Smith, Roderick E	1908	Bd Trade Blg Portland	Sp'l Agent	
Spaulding, M E	1907	430 California st S F	Sp'l Agent	Hartford Fire Ins. Co.
Speyer, Walter M	1893	334 California st S F	Joint M'gr	New Zealand Ins. Co. Ltd.
Staniford, F C	1897	332 Pine st S F	Sp'l Agent	Norwich Union Fire Ins. Society

LIST OF ACTIVE MEMBERS

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NAME	YR	ADDRESS	TITLE	COMPANY
Staniford, Geo F	1910	Storey Bldg Los A	Sp'l Agent	Fire Association of Philadelphia
Stahl, F H	1914	Ins. Exc. Bldg, S F	Sp'l Agent	Law Union & Rock Ins. Co.
Stewart, D L	1906	1025 8th st, Sacramento	Sp'l Agent	Royal and Queen Ins. Cos.
Stewart, Neil	1909	Spokane	Sp'l Agent	Hartford Fire Ins. Co.
St John, Paul	1913	430 California st S F	Sp'l Agent	Caledonia & Aachen & Munich
Stone, F E	1914	405 Sansome st S F	Sp'l Agent	Wayman & Henry Agency
Stone, Chas R	1913	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Stovel, C J	1897	537 Sacramento st S F	Gen'l Agt	Great Southern Fire Ins. Co.
Stoy, Sam B	1893	332 Pine st S F	Manager	London & Lancashire Fire Ins. Co.
Swan, Geo W	1910	Box 1732 Spokane	Sp'l Agent	Com'l Union Assurance Co.
Swift, Chester A	1910	Byrne Bldg Los A	Sp'l Agent	Fireman's Fund Ins. Co.
Tebben, Fred	1913	C of C Bldg Portland	Sp'l Agent	St. Paul F. & M. Ins. Co.
Thomson, Maxwell H	1899	405 Sansome st S F	Asst Gen Ag	Wayman & Henry Agency
Thompson, Chas R	1895	401 California st S F	Genl Adj	Fireman's Fund Ins. Co.
Thompson, E R	1910	Wilcox Bldg Portland	Sp'l Agent	Wayman & Henry Agency
Thornton, Arthur C	1898	415 Montgomery st S F	Genl Agent	Prussian National Ins. Co.
Thornton, A W	1894	160 Sansome st S F	Manager	London Assurance Corporation
Ticknor, W H	1914	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Tickner, Henry B	1909	Portland	Sp'l Agent	Fireman's Fund Ins. Co.
Tiedemann, T J A	1894	314 California st S F	Genl Agent	
Tomlinson, Percy	1910	324 Sansome st S F	Inspector	Home Ins. Co. of N. Y.
Tower, F H	1908	Laughlin Bldg Los A	Adjuster	Independent
Townsend, Geo E	1912	301 California st S F	Supt. Agcy	Ætna Ins. Co.
Trowbridge, C C	1914	334 Pine st S F	Sp'l Agent	Niagara Fire Ins. Co.
Truitt, Carl A	1914	241 Sansome st S F	Sp'l Agent	Christensen & Goodwin Agency
Trumbull, J B	1907	Central Bldg Seattle	Sp'l Agent	Niagara Fire Ins. Co.
Tyson, Geo H	1888	210 Sansome st S F	Genl Agent	German Amer. Ins. Co.
Urmston, J K	1904	Henne Bldg Los A	Sp'l Agent	Royal and Queen Ins. Cos.
Van Valkenburg, Chas	1906	Story Bldg Los A	Sp'l Agent	E. Brown & Sons Agency
Vincent, F O	1912	210 Sansome st S F	Sp'l Agent	Geo. H. Tyson Agency
Von Tagen, Chas W	1911	Insurance Ex Bldg S F	Sp'l Agent	Connecticut Fire Ins. Co.
Waggaman, J L M	1911	201 Sansome st S F	Sp'l Agent	Franklin Fire Ins. Co.
Walden, J B	1898	201 Sansome st S F	Sp'l Agent	Royal and Queen Ins. Cos.
Wallace, W L	1913	332 Pine st S F	Sp'l Agent	Norwich Union Fire Ins. Soc.
Ward, Chas H	1898	150 Sansome st S F	Genl Agent	Firemen's Ins. Co. of Newark
Ward, G Harold	1913	1081 Mer Ex Bldg S F	Adjuster	Pac. Coast Adj. Bureau
Ward, George M	1914	234 Pine st S F	Manager	North British & Mercantile Ins Co
Warner, J W	1907	550 Sacramento st S F	Ass't Sec	California Ins. Co.
Waters, J N	1889	405 Sansome st S F	Sp'l Agent	Wayman & Henry Agency
Watson, Irwin S	1908	White Bldg Seattle	Secretary	Fire Ins. Co. of Seattle
Watson, Kenneth	1904	395 California st S F	Genl Agent	City of New York
Watt, Rolla V	1888	Royal Ins Bldg S F	Manager	Royal and Queen Ins. Cos.
Wayman, Willard O	1898	Sac and Sansome sts S F	Joint G'l Agt	Wayman & Henry Agency
Webber, A E	1913	401 California st S F	Sp'l Agent	Fireman's Fund Ins. Co.
Webber, J F R	1897	Lewis Bldg Portland	Sp'l Agent	Springfield F. & M. Ins. Co.
Weinmann, Louis	1890	401 California st S F	Secretary	Fireman's Fund Ins. Co.

NAME	YR	ADDRESS	TITLE	COMPANY
Weinmann, P R	1909	334 Pine st S F	Sp'l Agent	Niagara Fire Ins. Co.
Wellington, Geo J	1900	1367 Vallejo st S F	Ins Engr	
Wells, W Harvey	1912	C of C Bldg Portland	Sp'l Agent	Geo. H. Tyson Agency
Wendler, Chas A	1904	Paulsen Bldg Spokane	Sp'l Agent	E. Brown & Sons Agency
Westlake, W B	1908	202 Sansome st S F	Sp'l Agent	E. Brown & Sons Agency
Whelan, W D	1900	Byrne Bldg Los A	Sp'l Agent	Fireman's Fund Ins. Co.
White, Frank G	1893	Colorado Bldg Denver	Genl Agent	Fireman's Fund Ins. Co.
Whitmer, A W	1899	70 4th st Portland	Manager	Whitmer, Kelly Agency
Wilkie, Andrew	1909	454 California st S F	Adjuster	Independent
Williams, T H	1894	219 Sansome st S F	Asst Mg'r	American, Roch.German, Camden
Windus, W V	1907	Realty Bldg Spokane	Br M'gr	Pac. Coast Adj. Bureau
Withers, Wm K	1913	Title Ins. Bldg L A	Adjuster	Pac. Coast Adj. Bureau
Wright, A C	1909	343 Sansome st S F	Sp'l Agent	Insurance Co. North America
Wyper, James	1907	Hartford, Conn.	vice Pres	Hartford Fire Ins. Co.
Yates, J P	1912	213 S Broadway L A	Sp'l Agent	London & Lancashire Fire Ins. Co.
Yocum, Geo. A	1914	343 Sansome st S F	Sp'l Agent	Phoenix Assurance Co.
Young, E J	1905	Am Bank Bldg Seattle	Sp'l Agent	North Brit. & Mercantile Ins. Co.
Young, Frank H	1908	Kohl Bldg S F	Sp'l Agent	Springfield F. & M. Ins. Co.
Young, Junius	1913	Kearns Bldg Salt Lake	Sp'l Agent	Home Ins. Co.
Young, Walter D	1913	Nicolaus Bldg Sac'to	Sp'l Agent	Niagara Fire Ins. Co.
Young, Walter H	1907	558 Sacramento st S F	Sp'l Agent	Commercial Union Assurance Co.
Zwick, W F	1906	Hoge Bldg Seattle	Sp'l Agent	St. Paul F. & M. Ins. Co.

ASSOCIATE MEMBERS

NAME	YR	ADDRESS	COMPANY
Beedy, J C	1914	332 Pine st S F	London & Lancashire Fire Ins. Co
Benke, Augustus	1914	343 Sansome st S F	North America Ins. Co.
Bringinghurst, H F	1914	301 California st S F	Aetna Insurance Co.
Chalmers, George	1914	301 California st S F	Aetna Insurance Co.
Cowan, F E	1914	219 Sansome st S F	American Insurance Co.
Countryman, R L	1914	332 Pine st S F	Norwich Union Fire Ins. Society
DeWitt, Ernest M	1914	914 Mer Ex Bldg S F	Board of Fire Underwriters
Dick, A D	1914	332 Pine st S F	London & Lancashire Fire Ins. Co
Doyle, H G	1914	202 Sansome st S F	E. Brown & Sons
Durbrow, P	1914	301 California st S F	Aetna Insurance Co.
Gilbert, L P	1914	219 Sansome st S F	American Insurance Co.
Hackmeier, Wm C	1914	219 Sansome st S F	American Insurance Co.
Harrison, E W	1914	202 Sansome st S F	E. Brown & Sons
Henderson, Wm	1914	301 California st S F	Aetna Insurance Co.
Henkle, H	1914	301 California st S F	Aetna Insurance Co.
Jardine, W H	1914	202 Sansome st S F	E. Brown & Sons
Joachimson, F E	1914	301 California st S F	Aetna Insurance Co.

ASSOCIATE MEMBERS

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NAME	YR	ADDRESS	COMPANY
Keating, Philip	1914	210 Sansome st S F	Geo. H. Tyson Agency
Kennison, Edgar M	1914	430 California st S F	Hartford Fire Ins. Co.
Luce, R B	1914	219 Sansome st S F	American Insurance Co.
Marchand, F D	1914	332 Pine st S F	London & Lancashire Fire Ins Co
McAllister, A	1914	430 California st S F	Hartford Fire Ins. Co.
McGrath, John E	1914	914 Mer. Exc. Bldg	Board of Fire Underwriters
Metcalfe, H J	1914	219 Sansome st S F	American Insurance Co.
Merkle, W	1914	430 California st S F	Hartford Fire Ins. Co.
Moore, J F	1914	210 Sansome st S F	Geo. H. Tyson Agency
Muir, A R	1914	301 California st S F	Aetna Insurance Co.
Parker, Meredith	1914	210 Sansome st S F	Geo. H. Tyson Agency
Smith, C H	1914	219 Sansome st S F	American Insurance Co.
Smith, A M	1914	219 Sansome st S F	American Insurance Co.
Thornton, Ralph P	1914	202 Sansome st S F	E. Brown & Sons Agency

HONORARY MEMBERS

NAME	YR	ADDRESS	
Bacon, E H	1909	1103 Mer Ex Bldg S F	Editor Coast Review
Butler, Geo E	1908	Ross California	
Carey, Jas A	1897	311 California st S F	Editor Adjuster
Chard, Thos S	1898	Brookline Mass	
Coogan, T C	1912	904 Mer Ex Bldg S F	Attorney
Dickson, Robt	1898	32 South st Baltimore	Insurance Broker
Donnell, Sam M	1898	Forest av Pacific Grove	
Drew, Cyrus K	1908	Gas & Elec Bldg Denver	Editor Insurance Report
Driffield, V Carus	1909	Mer Ex Bldg S F	General Manager Pacific Coast Adj. Bureau
Dutton, W J	1882	401 California st S F	Director Fireman's Fund Insurance Co.
Du Val, W S	1903	Mer Ex Bldg S F	Dist. Secretary Board of Fire Underwriters
Edwards, L B	1909	Mills Bldg S F	Real Estate and Insurance
Granger, H T	1912	Coleman Bldg Seattle	Attorney
Grant, Tom C	1908	Syndicate Bldg Oakland	President Vulcan Fire Insurance Co.
Gurrey, Alfred R	1908	Boston Bldg Honolulu	Sec. Board of F. U. of Territory of Hawaii
Haven, Chas D	1912	San Jose Cal.	
Herold, Rudolph Jr	1909	Russ Bldg S F	Insurance Broker
Hitchcock, C I	1909	Louisville Ky	Editor Insurance Field
Keene, Walter F	1912	Coleman Bldg Seattle	Insurance Examiner
Laton, Chas A	1902	45 Kearny st S F	Financial Agent
Marshall, John Jr	1903	Chicago Ill	Manager Fireman's Fund Insurance Co.
McCune, James N	1912	Sherlock Bldg Portland	Secretary Underwriters Rating Bureau
McKenzie, Lee	1904	Coleman Bldg Seattle	Prop. of Wash. Surveying & Rating Bureau
Merrill, Wm H	1912	207 E Ohio st Chicago	Manager Underwriters Laboratory
Mohrhardt, E F	1897	Mer Ex Bldg S F	Secretary Board of Fire Underwriters

HONORARY MEMBERS

NAME	YR	ADDRESS	
Mullins, C F	1909	London, England	
Neal, Robt W	1897	417 Montgomery st S F	Editor Pacific Underwriter
Noble, John W	1914	327 Pemb'ton Vict. BC	Sec'y Vancouver Island Fire Association
Page, H R	1912	Box 73 Victoria B C	Sec-Treas Vancouver Island F. U. Assn of B. C.
Piver, John C	1909	350 Sansome st S F	Editor Underwriters Report
Porter, F H	1895	Mer Ex Bldg S F	Chief Inspector F. U. Inspection Bureau
Robertson, Geo N	1905	Mer Ex Bldg S F	Chief Engineer Board of Fire Underwriters
Ross, Andrew W	1912	Crown Blg Vancouver	Secretary Mainland Fire Underwriters Assn.
Sexton, William	1876	401 California st S F	Fireman's Fund Insurance Co.
Smith, A D	1891	Oakland Cal.	Superintendent Mt. View Cemetery
Spencer, David A	1911	Mer Ex Bldg S F	Manager Ins. Brokers Exchange
Stillman, Alfred	1902	University Club S F	
Stone, J C	1904	Mer Ex Bldg S F	Surveyor, Board Fire Underwriters
Taffinder, W G	1910	417 Montgomery st S F	Editor Pacific Underwriter
Thompson, E L	1900	Cham Com Blg Portl'd	
Williams, S G	1904	Symes Bldg Denver	Attorney
Wilson, John Scott	1910	11 Montgomery st S F	Insurance Broker
Winne, Peter	1888	ContinentalBlgDenver	Attorney

DECEASED MEMBERS

Agard, J. J.	Farnsworth, E. P.	Manheim, Isaac
Anderson, J. McC.	Flint, A. P.	McHenry, C. B.
Argall, F. G.	Friend, Roger B.	McKowen, J. H.
Ashton, Geo. F.	Frank, William	McVean, D. M.
Bagley, W. H.	Garniss, Jas. R.	Morrison, E. C.
Barnett, B. N.	Grant, Geo. F.	Mitchell, T. A.
Balzer, Henry	Grim, A. R.	Naunton, R. H.
Bailey, James D.	Gunn, John W.	Nichols, C. M.
Belden, H. K.	Gunnison, A. R.	Niles, Edward
Bigelow, H. H.	Haven, Frederick L.	Sanderson, A. G.
Boyd, H. C.	Hanscom, W. W.	Scott, Chas. O.
Boardman, Geo. C.	Heath, Wm. R.	Sewell, Amos F.
Bradford, J. D.	Henry, Paul M.	Seaton, L. M.
Bryant, A. J.	Hill, Chas. B.	Sinclair, A. P.
Brumsey, J. A.	Hine, C. C.	Smedberg, W. R.
Brown, Edward	Holmes, W. H.	Smith, H. Brownson
Broderick, W. J.	Hopkins, C. T.	Smith, Henry
Bromwell, L. L.	Houghton, J. F.	Snyder, A. A.
Callingham, W. J.	Hunt, S. O.	Spencer, Geo. W.
Carey, Howard F.	Ives, S. D.	Spears, Jacob V.
Carpenter, E. W.	James, N. T.	Staples, D. J.
Chalmers, W. L.	Kenney, J. J.	Staples, J. W.
Clark, Z. P.	Kinne, C. Mason	Strader, J. E.
Cofran, J. W. G.	Koempel, H. C.	Stover, Fred R.
Dohrmann, C. W.	Landers, Wm. J.	Stoddart, W. J.
Dornin, Geo. D.	Lavery, J. G.	Story, Chas. R.
Dibbern, J. H.	Lee, Bruce B.	Swett, Frank H.
Dick, B. C.	Lowe, B. F.	Thomas, W. P.
Duffy, Thos. J.	Low, Geo. P.	Thomas, John O.
Ecklin, Chas. E.	Low, H. L.	Touchard, Gustave
Edwards, J. G.	Lowden, W. H.	Wetzlar, A. J.
Farnfield, C. P.	Lord, Leslie	Wheeler, Dalton
	Magill, Arthur E.	Wilson, D. B.

**San Francisco Addresses of the Officers of the Fire Underwriters'
Association of the Pacific for the Year 1914**

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H. P. Blanchard, Vice-President, - - 401 California St.

Calvert Meade, Secretary-Treasurer, - - 334 Pine St.

J. P. Moore, Ass't Sec'y and Librarian, 939 Merchants' Ex. Bldg.

T. H. Williams, Chairman Executive Committee, 219 Sansome St.

“ “ Chairman Library Committee, 219 Sansome St.

A. C. Thornton, Associate Editor Knapsack, 415 Montgomery St.

G. A. R. Heuer, Associate Editor Knapsack, 301 California St.

Association Library Room, - 939 Merchants' Exchange Bldg.

FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC

OFFICERS FOR 1914

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Vice-President,	H. P. Blanchard
Secretary and Treasurer,	Calvert Meade
Assistant Secretary and Librarian,	J. P. Moore

EXECUTIVE COMMITTEE

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H. P. Blanchard and Calvert Meade, ex-officio members	

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G. A. R. Heuer,	Associate Editor

